

SECTION 1 of 2

103d Congress

Report

HOUSE OF REPRESENTATIVES

2d Session

103-499

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1995

May 10, 1994.-Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. Dellums, from the Committee on Armed Services, submitted the following

REPORT

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 4301]

[Including cost estimate of the Congressional Budget Office]

The Committee on Armed Services, to whom was referred the bill (H.R. 4301) to authorize appropriations for fiscal year 1995 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1995, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

The amendment to the text of the bill is a complete substitute therefor and appears in italic type in the reported bill.

The title of the bill is amended to reflect the amendment to the text of the bill.

EXPLANATION OF THE COMMITTEE AMENDMENT

The committee adopted an amendment in the nature of a substitute during the consideration of H.R. 4301. The remainder of the report discusses the bill, as amended.

PURPOSE

The bill would-

(1) Authorize appropriations for fiscal years 1995 through 1999 for procurement and for research, development, test and evaluation (RDT&E);

(2) Authorize appropriations for fiscal year 1995 for operation and maintenance (O&M) and working capital funds;

(3) Authorize for fiscal year 1995: (a) the personnel strength for each active duty component of the military departments; (b) the personnel strength for the Selected Reserve for each reserve component of the armed forces; (c) the military training student loads for each of the active and reserve components of the military departments;

(4) Modify various elements of compensation for military personnel and impose certain requirements and limitations on personnel actions in the defense establishment;

(5) Authorize appropriations for fiscal year 1995 for military construction and family housing;

(6) Authorize appropriations for fiscal year 1995 for the Department of Energy National Security Programs;

(7) Modify provisions related to the National Defense Stockpile; and

(8) Authorize appropriations for fiscal year 1995 for civil defense.

RELATIONSHIP OF AUTHORIZATION AND APPROPRIATIONS

Importantly, the bill does not generally provide budget authority. The bill authorizes appropriations. Subsequent appropriation Acts provide budget authority. The bill addresses the following categories in the Department of Defense budget: procurement; research, development, test and evaluation; operation and maintenance; working capital funds; military personnel; and military construction and family housing. The bill also addresses civil defense preparedness and Department of Energy National Security Programs.

Active duty and reserve personnel strengths authorized in this bill and legislation affecting compensation for military personnel determine the remaining appropriation requirements of the Department of Defense; however, this bill does not provide authorization of specific dollar amounts for personnel.

SUMMARY OF AUTHORIZATION IN THE BILL

The President requested budget authority for \$263.7 billion for the National Defense budget function for fiscal year 1995. Of this amount, the President requested \$252.2 billion for the Department of Defense (including \$8.4 billion for military construction and family housing) and \$10.6 billion for Department of Energy National Security Programs and the Defense Nuclear Facilities Safety Board.

The committee recommends an overall level of \$262.8 billion in budget authority. This amount is a reduction of approximately \$900 million from the amount requested for the National Defense function by the President. The Committee's recommendation is largely consistent with, though somewhat below, the amounts established in the House-passed Budget Resolution for fiscal year 1995.

SUMMARY TABLE OF AUTHORIZATIONS

The following table provides a summary of the amounts requested and that would be authorized for appropriation in the bill and (in the column labeled "Budget Authority Implication of Committee Recommendation") the committee's estimate of how the committee's recommendations relate to the budget totals for the National Defense function in the Budget Resolution. For purposes of estimating the budget authority implications of committee action, the table reflects the numbers contained in the President's budget for proposals not in the committee's legislative jurisdiction.

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RATIONALE FOR THE COMMITTEE BILL

The committee again has faced the task of authorizing national defense programs in a time of transition to a post-Cold War era and in a time of uncertainty about the nature of future military threats. The committee's efforts to make wise policy choices about how best to prepare for the challenges that lie ahead have been made more difficult because of budgetary constraints.

The future holds instability in many parts of the world. The volatility that has characterized the process of change in nations that once comprised the Soviet Union continues unabated. Because of the presence of nuclear weapons in many of these countries and the prospects for proliferation, the U.S. interest in stabilization, disarmament, and the development of democratic governmental institutions is paramount. The committee continues to support initiatives designed to provide assistance to these nations in order to reduce chances for the spread of nuclear weapons and foster democratic reforms.

Similarly, the committee has closely followed developments on the Korean peninsula, in the former Yugoslavia, in Somalia, and in Haiti. These examples of potential or ongoing regional conflicts highlight the importance of developing a national military establishment that can respond effectively to disparate operational demands. The nature of the military response to disputes in these regions also underscores the need for American military forces to be prepared to participate in multilateral operations under the auspices of the international community to an unprecedented degree. Provisions in this bill, such as the establishment of a separate budget account to fund contingency operations, including peacekeeping operations, represent modest attempts to respond to this new reality.

The Bottom Up Review (BUR) has been an important but incomplete guideline for the committee in shaping the military force structure to respond to future contingencies. The accuracy of many of the predicate

assumptions for the BUR has been questioned and the affordability of the force structure contemplated by the BUR is uncertain. The review also has failed to adequately take into account important factors influencing force structure decisions, such as what military contributions from allies should be counted given the constraints of politics and national interests that limit unilateral U.S. action. While the BUR represents a credible attempt to design the country's force structure, the committee is not yet satisfied that the BUR is the sine qua non for our future force structure as the Department of Defense has suggested.

Before the committee can fashion a defense force that fully meets the national security requirements of the nation, reviews of other elements of our national defense—including nuclear policy, conventional bomber requirements, defense industrial base needs, and service roles and missions—must be completed. The programs, personnel authorizations, and operational requirements funded in this year's defense bill represent a good faith effort to move toward the BUR's notion of a force structure capable of responding to two, relatively simultaneous major regional contingencies but without blindly following the precepts of that review.

Because past history shows that the readiness of our forces is a key to success on the battlefield, the committee has worked hard to authorize operations and maintenance resources sufficient to ensure a high state of readiness for our military. The goal is to avoid the "hollow force" of the mid-1970s, in which a large force structure was funded but operational requirements were not. The committee bill will permit the smaller force driven by a tight fiscal environment to have the equipment, supplies and support needed for a robust training and operational tempo.

Cocombitantly, the committee has endeavored to ensure that the nation's military personnel receive the support they need in order to be able to serve the country but still maintain an adequate living standard. Thus, the committee authorized funding for a full 2.6 percent pay raise and has included other provisions aimed at preserving the quality of life our service members now enjoy.

The committee also is examining the Department of Defense's commitment to equal opportunity and treatment. This examination has shown a perception among many service members that individuals who raise complaints of unfair treatment, sexual harassment or discrimination will be subjected to retaliation. In an effort to afford protection to those who disclose unequal opportunity and treatment, the committee bill includes a provision to protect these individuals from retaliatory personnel actions. The committee expects to legislate further in this area once its review is completed later this year.

The committee also continues its effort to support policies aimed at protecting against the economic dangers to our national security. Emphasis on defense conversion, including support for dual use technologies, the Technology Reinvestment Program and loan guarantees for qualifying businesses helps ensure that the economic component of national defense stays strong.

The bill's authorization of research and technology programs also contributes to a stable technology base and force modernization program, despite a declining budget. The bill authorizes important initiatives in electronics and seeks to improve the nation's space launch capability.

The committee this year has undertaken to reduce the practice of earmarking—including provisions in legislation that authorize or appropriate grant money or contracts not requested by the President for the benefit of specific, non-federal government educational institutions, laboratories, companies, and other entities. The bill includes provisions designed to restrict earmarks unless such spending is part of the President's budget request, result from a competitive selection process, or are important to national security. The committee's intent is to prevent earmarks from impeding the wise expenditure of scarce defense resources in pursuit of our overall strategic objectives.

A few words must be said about provisions that are not included in the reported bill. Because of the way the federal government operates, a number of programs are paid for and executed with resources from both the Department of Defense and the Department of State. For instance, the President's budget requested funding for, inter alia, programs to reduce the threat of weapons proliferation in the republics of the former Soviet Union and to provide humanitarian assistance and disaster relief in those countries and elsewhere.

Unfortunately, the House Committee on Foreign Affairs, with which the Committee on Armed Services shares legislative jurisdiction concerning these programs, was unwilling to work through any policy differences between the two committees and requested that H.R. 4301 be sequentially referred to that committee. Because of the tight time constraints under which the bill is proceeding through the House, such referral was not possible, and many worthwhile programs requested by the Administration had to be removed from the bill despite expressed support from them from committee Members. This committee will endeavor to add those provisions back to the bill when the measure is considered on the floor of the House.

The many geopolitical uncertainties in the world today have made the committee's on-going analysis of the critical elements of our national security strategy more difficult. For this reason, the committee again has elected to write a one-year authorization bill. The committee's bill is generally consistent with the budgetary priorities requested by the Administration for national defense for fiscal year 1995, but the bill includes changes to those priorities where the committee disagrees with the approach to an issue suggested in the Administration's request. These changes are noted in issue discussions contained in the report.

The committee looks forward to continuing to work with the President and Secretary of Defense as they move to complete their overall analysis of United States defense needs and arrive at a more comprehensive, integrated and long term view of future force structure and spending requirements.

HEARINGS

Committee consideration of the Defense authorization bill for fiscal year 1995 gave full weight to the changing national security situation in light of recent world events. The committee believes it has given full and deliberate consideration to this critically important subject.

The bill is the result of extensive hearings that began on February 2, 1994 and that were completed on April 28, 1994. The full committee conducted 18 sessions, including markup meetings. In addition, a total of 62 sessions were conducted by six different subcommittees and three panels of the committee on various titles of the bill.

CONSIDERATION OF AMENDMENTS SUBMITTED TO THE COMMITTEE

In an attempt to improve and expedite the process for consideration of the Defense authorization bill on the floor, the Rules Committee encouraged all Members contemplating amendments to the bill to present such amendments to the committee for consideration prior to committee markup of the legislation. This process would ensure that all issues received full and thoughtful consideration before being offered as amendments to the defense authorization bill when it is on the floor.

Accordingly 45 Members submitted 87 amendments to the committee for consideration. In addition, the committee considered over 338 letter requests from 274 Members in its markup. Thus, many potential floor amendments were resolved at the committee level; others that were not adopted were at least discussed, defined and developed, thus ensuring a more meaningful floor debate.

DIVISION A-DEPARTMENT OF DEFENSE AUTHORIZATION

TITLE I-PROCUREMENT

AIRCRAFT PROCUREMENT, ARMY

OVERVIEW

The budget contained \$1,041.6 million for Aircraft Procurement, Army in fiscal year 1995. The Committee recommends authorization of \$1,301.5 million for fiscal year 1995.

The Committee recommends approval for authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

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ITEMS OF SPECIAL INTEREST

Guardrail common sensor

The budget request contained \$5.0 million for Guardrail common sensor and \$26.9 million for modifications for fiscal year 1995.

The statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357) directed the creation of a Department-wide tactical reconnaissance office to consolidate and manage the numerous manned and unmanned

intelligence collection systems within the Department, including the U-2, RC-135, EP-3E, ES-3a, RC-12, and F/A-18D aircraft program. The committee notes that the fiscal year 1995 defense airborne reconnaissance program (DARP) did not include the Guardrail common sensor program.

Accordingly, the committee recommends authorization for the Guardrail common sensor and modification program for fiscal year 1995 within the DARP under Procurement, Defense Agencies.

AH-64 Apache attack helicopter

The budget request contained \$5.6 million for the AH-64 Apache helicopter program for fiscal year 1995.

The committee understands that there is a potential seven-month production break in the AH-64 Apache helicopter program between the last AH-64A delivery and the first AH-64C delivery. This gap is a result of a planned foreign military sale not materializing and delay in the AH-64C development program.

The committee is not convinced that the Army needs additional Apache helicopters, but it is concerned about the effect of a production break. Moreover, the committee has learned of a production break. Moreover, the committee has learned that the cost of a production break would exceed the cost of continued low-rate procurement.

Accordingly, the committee recommends authorization of \$77.6 million to procure 6 AH-64A aircraft for fiscal year 1995. The committee recommends a legislative provision (sec. 111) that would repeal current law to permit this procurement.

TH-67A new training helicopter (Creek)

The budget request contained no funding for the TH-67A new training helicopter for fiscal year 1995.

The committee has learned that the Army may not complete its 157 aircraft program. The committee believes that stopping the program at 137 aircraft is shortsighted in view of the Army's plans to use this aircraft for some 30 years and the potential for attrition during this period. The potential impact on training and readiness for the Army aviation is worrisome and avoidable.

Therefore, the committee directs the Secretary of the Army to re-validate its requirement for the new training helicopter and to budget for additional helicopters in fiscal year 1996 if appropriate.

OH-58D armed AHIP scout helicopter (Kiowa Warrior)

The budget request contained \$111.8 million to upgrade AHIP helicopters to the armed AHIP configuration. It did not include a request for additional AHIP conversions.

The committee notes that the Army inventory posture of 317 aircraft is well below the requirement for over 450 aircraft. Considering delays in the RAH-66 Comanche helicopter development program, the committee believes that it would be shortsighted to discontinue AHIP procurement with less than seven percent of the requirement achieved.

Therefore, the committee recommends authorization of \$336.8 million for fiscal year 1995, an increase of \$225.0 million for 36 OH-58D armed AHIP aircraft. The committee recommends a legislative provision (sec. 111) that would repeal current law to permit this procurement.

ARMY MISSILES

OVERVIEW

The budget request contained \$594.0 million for Missile Procurement, Army in fiscal year 1995. The committee recommends authorization of \$685.1 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

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ITEMS OF SPECIAL INTEREST

Avenger air defense missile system

The budget request contained \$13.8 million for procurement of the Avenger air defense program for fiscal year 1995.

The committee understands that the Army does not plan to buy the last lot of Avenger systems from the current multi-year production contract. The committee also understands that the Marine Corps has a requirement for this system. The committee notes that last year Congress provided \$32.5 million for advance procurement to support planned Army production this year.

Accordingly, the committee recommends no authorization of the Avenger missile system for the Army in fiscal year 1995. Furthermore, the committee directs the Secretary of the Army to apply \$13.2 million of fiscal year 1994 advance procurement (or materiel) to meet the advance procurement requirements for the fiscal year 1995 Marine Corps buy. Residual fiscal year 1994 advance procurement funds may be used to support ongoing production and other program management costs.

Javelin advanced anti-tank weapon system (AAWS-M)

The budget request contained \$131.1 million for procurement of 374 Javelin advanced anti-tank weapon system-medium (AAWS-M) missiles for fiscal year 1995.

The committee is concerned that total program costs for the Javelin missile system are increasing dramatically. Worse, the committee finds that the contractor's overhead rates applied to other programs in other services are among the highest in the industry. The committee believes that most of the Javelin cost growth, and a significant amount of the high contractor overhead rates being absorbed by all services, can be attributed to the Army's inability to sustain adequate budgets for the Javelin program.

Accordingly, the committee recommends authorization of \$214.0 million for procurement of 872 Javelin missiles for fiscal year 1995, an increase of \$82.9 million. Moreover, the committee directs the Secretary of the Army, in cooperation with the Secretaries of the Navy and Air Force, to take appropriate actions to reduce the contractor overhead rate. The committee expects that these actions will include budgeting for future procurement of Javelin at efficient production rates.

Multiple launch rocket system (MLRS)

The budget request contained no funding for the Multiple Launch Rocket System for fiscal year 1995.

The committee is convinced that the Army does not need additional current design rockets, but remains concerned about the impact of a possible production break in the follow-on extended range MLRS (ER MLRS) program. The committee believes that the Army can satisfactorily manage this problem by restructuring the fiscal year 1994 program.

Accordingly, the committee recommends no authorization for the MLRS rocket system for fiscal year 1995. The committee directs the Secretary of the Army to restructure the fiscal year 1994 program to, as a priority, reduce the risk of adverse impact on the ER MLRS program as a consequence of a production break.

WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

OVERVIEW

The budget contained \$919.8 million for procurement of Army weapons and tracked combat vehicles for fiscal year 1995. The committee recommends authorization of \$942.9 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

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ITEMS OF SPECIAL INTEREST

M1 Abrams tank upgrade program

The budget request contained \$122.2 million for procurement of the M1 tank upgrade program for fiscal year 1995.

This program will upgrade 686 older model M1 tanks to the current M1A2 configuration, which is a major element of the Army's modernization plan. The committee understands that the M1A2s will be able to communicate digitally with other tanks, helicopters, battle command vehicles, Bradleys and other platforms. The committee is concerned that the current M1A2 configuration will not have the margin of growth, the enhanced electronic processing or the memory required for this digitalized communication requirement. In response to this concern, the committee recommends a research and development digital battlefield account to address this and other enhancements necessitated by the digitalized battlefield.

Accordingly, the committee recommends authorization of \$122.2 million for the M1 Abrams tank upgrade program for fiscal year 1995.

Spares and repair parts

The budget request did not include spares and repair parts for fiscal year 1995.

The committee has learned that a production break for the Bradley Fighting Vehicle (BFV) V903 engine is likely. The implications on readiness of having no engine production are troubling. Therefore, the committee recommends authorization of \$10.2 million for 294 V903 engines for fiscal year 1995.

Tank engine industrial base

The committee is concerned that tank engines, an element of the tank industrial base, have not been adequately provided for in the Department's industrial planning. The committee notes that the Secretary of Defense has established a Defense Science Board task force (DSBTF) to study the tracked vehicle industrial base including the tank engine.

Absent the task force's findings, the committee believes that the Department may need to take action to preserve the tank engine industrial base in fiscal year 1995 and notes the availability of prior year funds for this purpose. If the DSBTF findings indicate a need to support the tank engine industrial base beyond fiscal year 1995, the Secretary of the Army is directed to program funds as necessary in fiscal year 1995.

Small arms industrial base

The budget request contained no funding for either the M-16A2 rifle or the M249 squad automatic weapon (SAW) for fiscal year 1995.

The committee is concerned that the Army's small arms acquisition plans do not reflect a commitment to maintaining an industrial base capable of adequate surge production or even meeting its own acquisition objectives. Moreover, the committee notes that the report by an independent assessment panel of the Army Science Board recommended a modest level of annual procurement for small arms. Therefore, the committee recommends \$13 million for \$26.8 million, respectively, for procurement of M-16A2 rifles and M249 SAWs. The committee expects the Army to budget for these weapons in its fiscal year 1996 request.

AMMUNITION, ARMY

OVERVIEW

The budget request contained \$844.6 million for Army Ammunition procurement in fiscal year 1995. The committee recommends authorization of \$854.8 million for fiscal year 1995.

The committee recommends approval of the request except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

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ITEMS OF SPECIAL INTEREST

120 millimeter tank ammunition

The committee has learned that the Army plans to move the Load-and-Pack (LAP) operation for 120 millimeter tank ammunition from the Milan Army Ammunition Plant to another Army ammunition plant. The committee does not understand the rationale for this action and questions the cost-effectiveness of such a move.

Accordingly, the committee directs the Secretary of the Army to maintain the 120 millimeter tank ammunition LAP operation at the Milan Army Ammunition Plant until the Secretary certifies to the congressional defense committees that it would be cost-effective to perform this function elsewhere. Furthermore, the Secretary must wait until 30 days after making the certification to move the LAP operation.

Depleted uranium ammunition

In the statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357), the conferees directed the Secretary of the Army to provide the congressional defense committees with a report regarding who would bear the responsibility for environmental remediation of a site owned and operated by a contractor who made depleted uranium tank ammunition if the Army terminates the contract. The committee has not yet received that report. The committee directs the Secretary to provide this report to the congressional defense committees by February 1, 1995.

2.75" Hydra 70 rocket

The budget request included \$107.9 million for procurement of 2.75" Hydra 70 rockets.

With the termination of the Advanced Rocket System (ARS) (discussed in Title II of this report), the committee believes that the Department of Defense needs to improve its current rocket to meet joint service requirements. The committee has learned that non-developmental warheads and hypervelocity motors are available and could be incorporated into the Hydra 70 system for all services.

Accordingly, the committee directs the Secretary of the Army to produce, and qualify for operational use, an improved rocket based on the Hydra 70 system as a successor to the ARS. This effort shall be undertaken as an engineering change proposal (ECP) to the current Hydra 70 rocket using non-developmental items. The Secretary is also directed to procure 2.75" rockets using competitive procedures that include consideration of the improved rocket. The committee recommends authorization of the amount requested.

Provision of industrial facilities

The budget request contained \$44.4 million for provision of industrial facilities for the ammunition industrial base in fiscal year 1995.

The committee is concerned about the munitions industrial base, the Army's management of the munitions accounts, war reserve, training ammunition requirements and the impact on national security. Therefore, the committee directs the Secretary of Defense to establish a Defense Science Board task force on the ammunition industrial base. The task force shall determine the ammunition industrial base's ability to support U.S. forces fighting two major regional conflicts nearly simultaneously. The Secretary shall submit the task force's findings to the congressional defense committees no later than September 1, 1995.

The committee recommends authorization of \$44.4 million for provision of industrial facilities for the ammunition industrial base for fiscal year 1995.

OTHER PROCUREMENT, ARMY

OVERVIEW

The budget request contained \$2,690.2 million for Other Procurement in fiscal year 1995. The committee recommends authorization of \$2,651.2 million for fiscal year 1995.

The committee recommends approval of the request except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

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ITEMS OF SPECIAL INTEREST

Family of medium tactical vehicles (FMTV)

The budget request contained \$382.7 million for procurement of 3,535 medium tactical vehicles for fiscal year 1995.

The committee has learned that the FMTV program is experiencing testing difficulties with over 50 deficiencies documented and that corrective actions have been identified. Nevertheless, the committee is concerned that the planned twenty-fold production rate increase over last year cannot be achieved without producing a large number of vehicles requiring retrofit of corrective fixes.

Accordingly, the committee recommends authorization of \$332.7 million for 2900 vehicles for the FMTV program for fiscal year 1995.

Battlefield combat identification system (BCIS)

The budget request contained no funds for the battlefield combat identification system (BCIS) for fiscal year 1995.

The committee notes that the Army is developing a near-term battlefield combat identification system (BCIS) to minimize "friendly fire" casualties. The committee also understands that the Army plans to procure 200 BCIS units for fiscal year 1996. The committee supports the Army's plans for the BCIS and believes that this effort should be accelerated.

Accordingly, the committee recommends authorization of \$11.0 million for 150 BCIS units for fiscal year 1995.

AIRCRAFT PROCUREMENT, NAVY

OVERVIEW

The budget contained \$4,786.3 million for Aircraft Procurement, Navy in fiscal year 1995. The committee recommends authorization of \$4,588.0 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

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ITEMS OF SPECIAL INTEREST

EA-6B aircraft modifications

The budget request contained \$38.4 million for EA-6B aircraft modifications.

The Navy recently canceled the EA-6B advanced capabilities (ADVCAP) upgrade program, but it has no plans to retire or replace its fleet of EA-6Bs in the foreseeable future. Furthermore, the Navy has indicated to the committee it is awaiting the results of a joint Navy/Air Force electronic warfare study before recommending any future upgrades to the EA-6B.

The committee is concerned that any unnecessary delay in making prudent upgrades to this aircraft could prevent the Navy from capitalizing on some of its prior ADVCAP investment. A delay does not make sense given the large amount of prior year funds currently available for this purpose. Therefore, the committee directs the Secretary of the Navy to expeditiously evaluate lower cost alternatives to the ADVCAP program, such as the Improved Capability II (ICAP II) Plus upgrade, and recommends that \$60 million of the funds previously authorized and appropriated for the EA-6B ADVCAP upgrade be used for this purpose.

Finally, the committee recommends denying the authorization of funds requested for fiscal year 1995 for structural and common configuration modifications. The committee notes the availability of prior year funds, and directs that those funds be used to carry out the requested structural and common configuration modifications.

F-14 aircraft upgrade program

The budget request contained \$158.3 million for procurement of F-14 aircraft modifications, including \$130.8 million for the F-14A/B upgrade program. The budget request also contained \$171.7 million for F-14 research and development, including \$142.3 million for the F-14A/B upgrade program.

The statement of managers report accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357) directed the Secretary of the Navy to discontinue the proposed F-14A/B upgrade. The Act also included a provision (sec. 128) that prohibited the Secretary of the Navy from obligating any fiscal year 1994 F-14 upgrade funds until 30 days after the congressional defense committees were provided with a report on the upgrade program. The congressional defense committees have not received the report. Furthermore, the F-14 upgrade modifications requested in the fiscal year 1995 budget indicate that the Navy is pursuing the upgrade scheme Congress denied last year.

The committee finds this to be unacceptable, and therefore recommends a provision (sec. 121) that would terminate the F-14A/B upgrade. The committee directs the Secretary of the Navy to convert existing F-14D aircraft into an FA14D with capabilities equivalent to the Air Force F-15E Strike Eagle, or retire the F-14 from service. The committee recommends an authorization of \$158.3 million for procurement and \$171.7 million for F-14 research and development for this purpose.

F/A-18 C/D fighter attack aircraft (Hornet)

The budget request contained \$1,032.4 million for procurement of 24 F/A-18 C/D aircraft for fiscal year 1995 and \$84.8 million for advance procurement of 24 aircraft in fiscal year 1996.

The committee understands that the Navy is in the process of selecting an identification friend or foe (IFF) device for the F/A-18 C/D aircraft. Lessons learned from Operation Desert Storm confirm that the acquisition of such an IFF capability is a high priority for the F/A-18. During Operation Desert Storm the F/A-18 often could not autonomously engage in air-to-air combat operations because it could not comply with the theater rules of engagement for air-to-air combat.

The committee has learned that an appropriate IFF interrogator transponder has already been developed for export versions of the F-18 C/C. Accordingly, the committee directs the Secretary of the Navy to incorporate a non-developmental IFF into the aircraft beginning with Lot 19. The committee recommends authorization of the requested amount.

P-3 maritime patrol aircraft (MPA)

The committee is concerned that the Navy may be proceeding too quickly in reducing its maritime patrol aircraft force level. Consequently, the committee directs that, before reducing the 22 squadron MPA force structure, the Secretary of the Navy shall submit a report describing how the loss of operational capability associated with additional force reductions would be offset by other Navy or Department of Defense assets. The report should also include an assessment of the P-3 Airframe Conversion Program (ACP) as an affordable solution to stem the loss of P-3 aircraft to "beyond economic repair status" before being inducted into a Service Life Extension Program (SLEP). The committee is concerned that the potential loss of aircraft could drive future reductions in the MPA force below prudent levels.

T-45 training system (T-45TS)

The budget request contained \$214.2 million for procurement of 12 aircraft and ground training systems for fiscal year 1995.

The committee notes that the T-45TS system requirements and production plans appear to have stabilized and that it may present an opportunity for savings if purchased on a multiyear contract basis. Accordingly, the committee recommends authorization of the amount requested for the T-45TS program for fiscal year 1995 and urges the Secretary of the Navy to reconsider contracting on a multiyear basis.

ES-3A modification

The budget request contained \$19.3 million for modifications to the ES-3A tactical electronic warfare and reconnaissance aircraft.

The conference report accompanying the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357) directed the creation of a Department-wide tactical reconnaissance office to consolidate and manage the numerous manned and unmanned intelligence collection systems within the Department, including the U-2 RC-135, EP-3E, ES-3A, RC-12, and F/A-18D aircraft programs. Nonetheless, the fiscal year 1995 defense airborne reconnaissance program (DARP) did not include the ES-3A.

Accordingly the committee recommends authorization of the amounts requested for ES-3A modifications for fiscal year 1995 in the DARP under procurement, Defense Agencies.

WEAPONS PROCUREMENT, NAVY

OVERVIEW

The budget request contained \$2,400.0 million for Weapons Procurement, Navy in fiscal year 1995. The committee recommends authorization of \$2,223.2 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

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ITEMS OF SPECIAL INTEREST

Trident II (D-5) missile procurement

The budget request contained \$641.3 million for procurement, and \$54.7 million in advance procurement for Trident II missiles in fiscal year 1995.

The committee notes that the Department of Defense still has not articulated a strategy for completing the procurement of 52 missiles in the Department's plan beyond fiscal year 1995. The Department also has not explained how it plans to support the Trident II missile system over the course of its estimated minimum service life of thirty years. Yet even under the most optimistic assumption that all of the missiles in the plan for fiscal year 1995 and beyond are approved, missile production is likely to be completed, and the production line closed, within several years. The absence of other strategic ballistic missile production at this time creates a unique set of challenges for ensuring the ongoing support of the Trident II system.

Accordingly, the committee directs the Secretary of Defense to report to the congressional defense committees before December 1, 1994 on options, and the associated costs, of supporting the Trident II missile to the end of its estimated service life. The report shall also include an assessment and the costs of the impact of the following procurement strategies on the long-term supportability of the system:

(1) Procuring all remaining Trident II missiles planned in the Navy's program by no later than fiscal year 1997; and

(2) Buying the same missiles at a low production rate in order to extend critical elements of the industrial base until fiscal year 2000.

The committee recommends an authorization of \$696.0 million of which \$54.7 million is for advance procurement.

Antisubmarine warfare (ASW) targets

The budget request included \$11.0 million for procurement of ASW targets for fiscal year 1995.

The statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357) directed the Secretary of the Navy to provide a plan detailing how the current ASW target programs can be expanded to include supporting MK-48 and MK-50 torpedoes and shallow water training operations. No such plan has been received.

The committee believes that shallow water ASW becomes an operational imperative as the Navy increasingly looks to littoral operations for the future. The committee also believes that an ASW target program that does not provide for shallow water training is shortsighted at best.

Pending receipt of the required plan the committee recommends no authorization for ASW targets for fiscal year 1995.

MK-48 torpedo advanced capability (ADCAP) modifications

The budget request contained \$52.3 million to initiate a modification program to the MK-48 ADCAP torpedo.

The proposed MK-48 ADCAP torpedo modifications program is redundant to the hybrid MK-46 torpedo development program directed by section 124 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 10360). Moreover, the committee understands that the propulsion upgrade proposal for this modification program will not meet the Navy's torpedo noise reduction requirements.

Accordingly, the committee recommends no authorization for this costly MK-48 torpedo modification program for fiscal year 1995.

Torpedo support equipment

The budget request included \$67.6 million for torpedo support equipment for fiscal year 1995.

The statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357) required the Secretary of the Navy to provide a plan detailing how the current torpedo support equipment programs should be restructured to address the MK-50, the MK-46 service life extension, the MK-46 hybrid program, and the MK-48 ADCAP support equipment requirements. No such plan has been received.

Pending receipt of the plan, the committee recommends no authorization of torpedo support equipment for fiscal year 1995.

SHIPBUILDING AND CONVERSION, NAVY

OVERVIEW

The budget request contained \$5,585.4 million for Shipbuilding and Conversion, Navy in fiscal year 1995. The committee recommends authorization of \$6,869.9 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

Offset Folios 51 to - Insert here ***TABLE GOES HERE***

ITEMS OF SPECIAL INTEREST

National defense sealift fund (NDSF)

The budget request contained \$608.6 million for the NDSF. Of this amount, \$546.4 million is requested for construction of two new roll-on/roll-off (RO/RO) ships; \$43 million is requested for purchase of existing RO/RO ships for the Ready Reserve Force (RRF); and \$19.2 million is requested for initiation of a sealift development technology program.

The statement of managers accompanying the Department of Defense Appropriations Act, 1994 (Public Law 103139) (H. Rept. 103339) added \$1.2 billion to the NDSF for "later transfer to Shipbuilding and Conversion, Navy, for the CVN-76 nuclear aircraft carrier to the extent that such funds are authorized in supplemental legislation." In a recent letter to the committee the Deputy Secretary of Defense stated: "[The] Navy developed the fiscal year 1995 request for CVN-76 of \$2.4 billion based on the assumption the Congress would subsequently authorize the \$1.2 billion appropriated in fiscal year 1994."

The committee recommends denying the authorization of the \$1.2 billion appropriated in fiscal year 1994 for the CVN-76, and recommends disapproving the transfer of these funds from NDSF to Shipbuilding and Conversion, Navy. Instead, of the amount appropriated last year for the NDSF, the committee recommends authorization of \$608.6 million for the purposes of executing the new ship construction contract options for the requested (RO/RO) ships. In these circumstances, the committee recommends denying the fiscal year 1995 \$608.6 million request for the NDSF.

The committee further recommends authorization of the remaining \$591.4 million for transfer to the Base Closure and Realignment (BRAC) Account and recommends a provision (sec. 163) that would enable this

transfer. This transfer is recommended because: (1) future modernization plans require the services to realize infrastructure savings from closing and realigning installations; and (2) the BRAC account is underfunded, the Emergency Supplemental Appropriations Act for Fiscal Year 1994 rescinded \$508 million from the account. The committee expects the transfer to BRAC to restore service modernization plans since the rescission will require future funding for more than this amount.

The committee believes that the \$43 million requested for the purchase of existing foreign-owned RO/RO ships for the RRF is not warranted. Last year Congress prohibited the U.S. Maritime Administration (MarAd) from using any appropriated funds for RRF vessel acquisition. Instead, MarAd was directed to concentrate its attention and resources on improving the maintenance and readiness of the existing RRF fleet rather than on purchasing foreign-built ships.

Accordingly, the committee recommends denying authorization of the \$43 million to purchase foreign-owned RO/RO ships for the RRF. Rather, the committee recommends authorization of this amount for the procurement and installation of national defense sealift features on commercial RO/RO ships built in a U.S. shipyard. The committee believes a defense sealift features program will save or create a significant number of jobs in the shipbuilding and supplier industrial base and assist U.S. shipyards in reentering the commercial shipbuilding market.

Finally, the committee recommends a provision (sec. 124) that would clarify that the legislation which created the NDSF should apply identically to newly constructed or converted ships. This clarification is necessary because this legislation did not anticipate a ship conversion program at the time it was enacted, and contracts for the conversion of five ships have since been awarded.

OTHER PROCUREMENT, NAVY

OVERVIEW

The budget request contained \$3,319.4 million for Other Procurement, Navy in fiscal year 1995. The committee recommends authorization of \$3,241.6 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

Offset Folios 55 to 59 Insert here***TABLE GOES HERE***

ITEMS OF SPECIAL INTEREST

Attack submarine (SSN) acoustics

The budget request included \$56.6 million for SSN acoustics.

Section 125 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) required the Secretary of the Navy to provide a submarine acoustics master plan. No such plan has been received. The committee remains concerned that the Navy does not have a coherent plan for adapting submarine acoustic sensors, including towed arrays, whole mounted sensors and active sonars for operations in littoral waters.

Pending receipt of the plan, the committee recommends no authorization for attack submarine acoustics in fiscal year 1995.

Surface sonar windows and domes

The budget request contained \$3.2 million for surface sonar windows and domes.

The committee understands that the recently completed Naval Sea Systems Command study on the U.S. industrial base for production of sonar rubber domes and sonar rubber dome windows for surface combatants concluded that closure of the sole supplier of these devices may close in fiscal year 1995 without additional funding. The report further concluded that current inventory levels of these domes and windows are not sufficient to meet Navy requirements should the sole supplier cease production in the near future. Accordingly, the report recommended that funds should be added in fiscal year 1995 to avoid a production shutdown in the near term until other alternatives can be implemented.

The committee agrees with the study's recommendation and recommends an additional \$3.6 million for continued production of this equipment.

Submarine acoustic warfare system

The budget request contained \$10.7 million for submarine acoustic warfare system for fiscal year 1995. It did not contain a request for procurement of the ADC MK-4 in fiscal year 1995.

The committee has learned that the ADC MK-4 device completed operational testing in March of this year and was found operationally effective and suitable. The committee expects an expeditious production decision by the Navy and recommends authorization of \$12 million to continue production in fiscal year 1995. Accordingly, \$22.7 million is recommended for submarine acoustic warfare system for fiscal year 1995.

Nuclear submarine main steam condenser

The committee continues to be deeply concerned about the viability of the nuclear submarine main steam condenser industrial base. Last year, Congress directed the Secretary of the Navy to preserve and retain this critical element as a viable, ongoing concern. In addition, this committee requested that the Secretary of the Navy develop and implement a plan to maintain an appropriate steam condenser industrial base to meet future submarine requirements.

The committee is concerned about the findings and conclusions contained in the Secretary's report, as well as the Navy's decision to develop alternative nuclear submarine steam condenser manufacturers while placing at risk the only technically-capable supplier of this critical component. As a consequence, the committee urges the Secretary of the Navy to give consideration to the current manufacturer of nuclear submarine main steam condensers for future aircraft carriers and deep draft amphibious ships as a means of ensuring a strong, capable submarine industrial base.

PROCUREMENT, MARINE CORPS

OVERVIEW

The budget request contained \$554.6 million for Procurement, Marine Corps for fiscal year 1995. The committee recommends authorization of \$528.4 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

Offset Folios 63 to 65 Insert here ***TABLE GOES HERE***

ITEMS OF SPECIAL INTEREST

Avenger air defense missile system, pedestal mounted stinger (PMS)

The budget request contained \$50.2 million for procurement of 61 Avenger air defense systems for the Marine Corps for fiscal year 1995.

The committee notes that the Marine Corps had not planned to buy Avenger air defense systems in fiscal year 1995. But, when the Army discontinued procurement, the Marine Corps seized the opportunity to purchase these systems under very favorable Army multiyear procurement contract terms.

Accordingly, the committee recommends authorization of the amount requested for Avenger for the Marine Corps for fiscal year 1995. The requirement for fiscal year 1994 advance procurement to support this buy is provided for in the recommendation for the Army's Avenger program.

AIRCRAFT PROCUREMENT, AIR FORCE

OVERVIEW

The budget request contained \$6,747.6 million for Aircraft Procurement, Air Force for fiscal year 1995. The committee recommends authorization of \$6,101.8 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

Offset Folios 68 to 69 insert here ***TABLE GOES HERE***

ITEMS OF SPECIAL INTEREST

B-1 bomber

The committee notes the contribution to national security that the B-52 has made in a maritime role and believes that the Department should give serious consideration to the feasibility of assigning this role to the B-1B as a B-52 follow-on. Accordingly, the committee directs the Secretary of Defense to review the maritime role options for the bomber fleet, including the potential for the B-1B, and to report the findings to the congressional defense committees no later than April 15, 1995.

B-2 bomber

The committee continues to support the agreements reached in the last several years that capped the total number and total program cost of the B-2 program. Accordingly, section 132 would clarify the definition of B-2 program cost.

Intertheater airlift

The budget request contained \$2,472.9 million for procurement of six C-17 aircraft for fiscal year 1995; \$189.9 million for advance procurement of eight aircraft in fiscal year 1996; \$6.1 million for C-17 modifications; and \$221.4 million for research and development. The budget request also contains \$103.7 million for non-developmental alternative aircraft (NDAA) for fiscal year 1995.

The committee is concerned about both the C-17 and the complementary airlift aircraft programs. As initially envisioned, the delivery of 120 C-17s on the schedule and at the price then projected would have been a valuable and non-controversial contribution to our intertheater airlift needs. Unfortunately, the C-17 program fell behind schedule, went over budget, and has turned out to be less capable than when the program started. In recent months, senior DOD officials have criticized the program even as they restated their need for the capabilities of the C-17 and their goal of acquiring 120 of them.

The cost of the C-17, coupled with tight budget constraints for the rest of the decade, mean it may be unlikely that production rates could increase to levels where the program could meet total airlift requirements on a timely basis. One option that would address this program is to procure on an annual basis a mix of four C-17s and additional non-developmental alternative aircraft (NDAA) to complement the C-17. This could be accomplished within budgetary limits and would both sustain and enhance current aggregate airlift capabilities through the 12-year period (1995 to 2006) during which the C-141 fleet will be retired. Depending on the NDAA selected, this mix of C-17s and NDAA could save several billion dollars over a 10-year period and could substantially reduce any risks of today's C-17-only strategy. The committee notes that its use of the term NDAA permits consideration of both new and existing military and civilian airlift-capable aircraft.

Accordingly, the committee recommends authorization of \$1,507.2 million for procurement of four C-17s; \$47.5 million for advance procurement of C-17s in fiscal year 1996; \$6.1 million for C-17 modifications; and \$105.2 million for research and development.

The committee also recommends authorization of \$550 million for procurement of non-developmental complementary aircraft for intertheater airlift. The committee directs the Secretary of Defense to merge unobligated fiscal year 1994 funds from the nondevelopmental alternative aircraft program for this purpose as well.

Furthermore, the committee directs the Secretary to plan for the acquisition of sufficient aggregate airlift that will at least maintain current airlift capacity over the next 10 years, as changes to the existing fleet and any new validated requirements emerge from further review arise.

Finally, the committee directs the Secretary to provide the congressional defense committees with copies of the Mobility Requirements Study/Bottom-Up Review Update no later than February 1, 1995. At the same time, the Secretary shall submit the plans for procurement of C-17 and NDAA aircraft in 1995 and beyond. The committee directs that advance procurement funds for the C-17 aircraft for fiscal year 1996 may not be obligated until this report is submitted.

Bomber force upgrade program (B-FUP)

The committee remains concerned that the number of long-range bombers programmed in the Department's force plan are inadequate to support requirements for two major regional contingencies. Therefore, the committee supports additional funds to enhance the quality and quantity of projected forces as required.

Accordingly, the committee recommends a provision (sec. 133) that would authorize \$100 million for a bomber force upgrade fund. The committee directs the Secretary of the Air Force to use these funds for the purposes of: (1) supporting additional B-1 or B-52 bombers that would otherwise become attrition reserve aircraft; and/or (2) accelerating upgrades to the B-1 or B-52 bombers. Finally, the committee directs the Secretary to report to the congressional defense committees 30 days prior to obligating these funds.

E-4 National Emergency Airborne Command Post

The budget request contained \$35.2 million for modification of E-4 aircraft for fiscal year 1995.

The committee recommends an authorization of \$25.2 million and directs the Secretary of Defense to transmit a report to the congressional defense committees on the E-4 role and justification in the post-Cold War era and on possible additional missions the E-4 might perform in addition to the current mission.

WEAPONS/MISSILES, AIR FORCE

OVERVIEW

The budget contained \$4,392.2 million for Missile Procurement, Air Force for fiscal year 1995. The committee recommends authorization of \$3,953.2 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

Offset Folios 75 to 76 Insert here ***TABLE GOES HERE***

ITEMS OF SPECIAL INTEREST

Tri-service stand-off attack missile

The budget request contained \$373.9 million for procurement of 48 Tri-Service Stand-off Attack Missiles (TSSAM) for fiscal year 1995, and \$81.1 million for research and development.

The committee notes that this program continues to have cost and developmental problems. The committee also understands that Air Force support for this program has begun to wane. With first the Army, and now the Navy, withdrawn from the program, it has become unaffordable for the Air Force.

Accordingly, the committee recommends that this program be terminated and that no funds be provided for either procurement or research and development. Unobligated prior year funds may be used for program termination costs. As an interim measure, the committee recommends \$26 million for the procurement of 36 Have Nap missiles.

Minuteman modifications

The budget request included \$18.3 million for modification of Minuteman III missiles. The committee is aware that \$12 million of the amount requested for the Dual Frequency Minimum Essential Emergency Communications Network Receiver (DFMR) is no longer needed because the DFMR program has been canceled. The committee also is aware that the deactivation schedule for Minuteman II ICBMs is at risk

because of limited storage space for Minuteman II motors. The absence of storage space could delay the drawdown of U.S. strategic forces.

In order to maintain the deactivation schedule, the committee urges the Secretary of the Air Force to store excess Minuteman II rocket motors at Air Force Plant 78, Brigham City, Utah. To pay the costs associated with storing the excess motors, the committee recommends that \$1.5 million be transferred from the DFMR project for this purpose. Therefore, the committee recommends \$7.8 million for Minuteman III modifications.

Ballistic missile early warning

The budget request contained \$364.0 million for procurement of one Defense Support Program (DSP) satellite for fiscal year 1995; \$76.4 million for DSP research and development; \$150 million in research and development on the new ALARM (Alert, Locate, and Report Missiles) early warning satellite program; and \$120 million for the Brilliant Eyes sensor satellite program.

The committee supports the early warning mission and believes that neither Congress nor the Department should take major risks in this area. The committee notes the Department's current ALARM plan assumes the program will not experience any delays. The committee is uneasy over the Department's confidence in the program timetables because even low-risk programs often experience delays. Furthermore, it does not appear that there are any acceptable backup options that would help work around ALARM delays.

The committee believes that a mission as important as ballistic missile early warning has no place for such risks. The committee cannot support a strategy that would have serious implications for early warning coverage if ALARM were even modestly delayed. The committee is mindful that the Bottom-Up Review's early warning technical support group found that there "is a high probability of a gap in Space Based Infrared coverage during system transition without Block 23 (DSP 23, 24, and 25)." The Department, however, plans to procure DSP 23 only. The committee received testimony that current U.S. abilities to detect theater ballistic missile launches and alert are inadequate. In sum, the committee concludes that the Department's early warning plans need greater assurance of success.

Accordingly, the committee recommends authorization of the full \$364.0 million for procurement of DSP; \$56.4 million for DSP research and development; and \$150 million for research and development for the new ALARM program. In addition, the committee directs the Secretary of Defense to plan to deploy up to three extra theater missile sensors of the type selected for the ALARM quick reaction experiment, for a total of up to four. This will ensure that the United States has a robust theater missile detection capability sooner than currently planned.

Finally, the committee recommends authorization of an additional \$300 million for a satellite early warning assurance fund. After the Secretary notifies the congressional defense committees of the selections, the Secretary may obligate these funds for either maintaining the option to procure DSP satellite number 24; or for accelerating development of the ALARM program leading to launch of the first ALARM satellite no later than the first quarter of 2002; or for continuing development of Brilliant Eyes; or for acquiring the three extra theater missile sensors; or for some combination of the four as the Secretary deems advisable.

OTHER PROCUREMENT, AIR FORCE

OVERVIEW

The budget contained \$7,078.3 million for Other Procurement, Air Force for fiscal year 1995. The committee recommends authorization of \$6,855.4 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. The adjustments are without prejudice and based on affordability.

Offset Folios 80 to 83 Insert here ***TABLE GOES HERE***

PROCUREMENT DEFENSE-WIDE

OVERVIEW

The budget contained \$1,744.9 million for procurement, Defense Agencies for fiscal year 1995. The committee recommends authorization of \$2,066.7 million for fiscal year 1995.

The committee recommends approval of authorization as requested except for those programs adjusted in the following table. Some adjustments are without prejudice and based on affordability, others are discussed in more detail.

Offset Folios 85 to 86 Insert here ***TABLE GOES HERE***

NATIONAL GUARD AND RESERVE EQUIPMENT

OVERVIEW

The budget did not include authorization for National Guard and Reserve Equipment for fiscal year 1995. The committee recommends authorization of \$787.2 million for fiscal year 1995.

Offset Folios 88 to - insert here ***TABLE GOES HERE***

CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, DEFENSE

OVERVIEW

The budget included \$575.3 million for Chemical Demilitarization for fiscal year 1995. The committee recommends authorization of \$670.3 million for fiscal year 1995.

Offset Folios 90 to - Insert here ***TABLE GOES HERE***

Chemical demilitarization

The budget request contained \$575.3 million for chemical agents and munitions destruction for fiscal year 1995.

The committee notes that the Army has accepted most of the recommendations of the recently-completed National Research Council (NRC) Alternative Technology Report on the Disposal of Chemical Agents and Munitions. Unfortunately, this report was not made public until after the submission of the budget request for fiscal year 1995. Consequently, many of these recommendations require funding in order to avoid further delays to the chemical stockpile disposal program.

The committee believes these recommendations should be implemented as soon as possible and therefore recommends authorization of an additional \$95.0 million for this purpose as outlined below:

[In millions of dollars]

Recommendation	Additional authorization
Implement carbon filtration to pollution abatement systems, (Procurement)	\$76.0
Pursue development of a neutralization-based alternative destruction technology, (R&D)	9.5
Implement an updated risk assessment of storage, handling, and disposal activities at each site, (O&M)	3.0
Implement an enhanced stockpile surveillance program, (O&M)	4.5
Implement a public outreach program, (O&M)	2.0

LEGISLATIVE PROVISIONS

SECTION 122-LIMITATION ON ACQUISITION OF GUIDANCE SYSTEMS FOR TRIDENT II MISSILES

The committee notes that the Department of Defense has not undertaken a serious review of the readiness, logistics, spares, and testing requirements associated with the Trident II Mark 6 guidance system. Although the Navy plans to procure no more than 389 Trident II missiles, it plans to build 562 Mark 6 guidance sets, of which 30 are to be procured in fiscal year 1995, and the final 21 are to be procured in subsequent fiscal years. The committee is skeptical that such a large number of guidance sets is required to support the planned Trident missile buy.

Accordingly, the committee recommends a provision (sec. 122) that would direct the Secretary to certify to the congressional defense committees that, based on a review of the readiness, testing, spares, and logistics requirements of the guidance system, the 562 guidance sets are required to support the inventory

objective for the Trident II missile. The provision would prohibit the obligation of funds for the guidance system until the Secretary makes the necessary certification.

SECTION 123-PROHIBITION ON TRIDENT II BACKFIT

The committee believes that the reduction in the strategic nuclear threat and budgetary pressures have rendered the backfit of D-5 missiles neither necessary for national security reasons, nor affordable. Accordingly, the committee recommends a provision that would prohibit the backfit of Trident II (D-5) missiles into Trident I (C-4) submarines.

SECTION 171-TRANSFER OF USNS MAURY

This section would permit the Secretary of the Navy to transfer the USNS Maury to the Department of Transportation to be assigned as a training ship for the California Maritime Academy in Vallejo, California.

TITLE II-RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

OVERVIEW

The budget request for fiscal year 1995 for research, development, test, and evaluation (RDT&E) contained \$36,225.013 million. This represents a \$1,290.462 million increase from the amount authorized for fiscal year 1994.

The committee recommends authorization of \$34,983.740 million, a reduction of \$241.273 million.

The committee recommendations for the fiscal year 1995 RDT&E program are identified in the table below. Major issues are discussed following the table.

Offset Folio 94 Insert Here ***TABLE GOES HERE***

DEFENSE-WIDE PROGRAMS

SPECIAL CONSIDERATIONS

Chemical and biological warfare defense program

The reports on the chemical and biological warfare defense program, required by Title XVII of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160), have not been transmitted officially to the congressional defense committees. The committee has had the opportunity, however, to review advance copies of the reports and is pleased that the Department of Defense has taken a number of management, research and development, and training initiatives which should result in significant improvements in the chemical and biological warfare defense readiness of U.S. armed forces.

The committee also notes that the Department has created a biological warfare defense program and a general officer has been assigned as program manager. This indicates the seriousness with which the Department regards the potential threat posed by such weapons of mass destruction and the need for a viable medical and non-medical biological defense program.

The committee is disappointed that the Army budget request has decreased funding for the chemical and biological warfare defense program. These decrements appear to be contrary to specific directions to complete critical research, development, test, and evaluation and acquisition of improved chemical and biological detection systems, identification and warning systems, individual and collective protection measures, medical support, and decontamination systems. The committee notes that the Air Force has terminated its program for development of collective protection systems and that reductions have been made by the other military services as well.

The committee notes that these actions will seriously undermine long-term efforts to reduce battlefield vulnerability to chemical or biological warfare attacks. The committee believes that each service must allocate an appropriate amount of its budget to fund its share of the integrated defense program, and directs that the Secretary of Defense ensure that such allocation is accomplished in annual budget guidance.

Accordingly, the committee has recommended increased authorizations in several of the relevant chemical and biological defense program elements to restore critical program reductions in the fiscal year 1995 budget request.

Consolidation of electronic combat test and evaluation facilities

The committee recognizes the need for consolidating test and evaluation facilities, organizations, and resources in order to reduce infrastructure costs. The committee believes, however, that facilities should only be consolidated based on a master plan for future required electronic combat test capabilities.

Therefore, the committee directs the Secretary of Defense to develop a master plan for future consolidations of DOD-wide electronic combat test and evaluation assets. This master plan shall provide a statement of required electronic combat capabilities and a road map for consolidation of these activities. The committee further directs that no fiscal year 1995 or prior year funds be used for transferring or consolidating electronic combat test and evaluation assets until 30 days after the submission of this master plan to the congressional defense committees.

Electronics

The committee recognizes that both the Department's and the Advanced Research Projects Agency's (ARPA) programs in electronics technology are the "seed corn" for high technology electronic research that will fuel military and commercial product development. Without it, the vision of American companies developing electronic products for the information super highways will not be achieved.

The committee also believes that the success of the SEMATECH consortium, which has enabled the United States to recapture the lead in integrated circuit development and sales, must be sustained. The committee further believes that advanced lithography should be a top priority of SEMATECH to ensure that the lead is maintained.

The committee is alarmed by the Department's request to reduce the advanced lithography program from over \$71 million in 1992 to \$10 million in 1995. This has caused industry to decry the budget request as one which is tantamount to an abandonment of the industry and as an acceptance of total reliance for this critical technology on foreign suppliers. This will eventually jeopardize U.S. dominance of electronics system innovation.

The committee notes that the Department has increased its budget request for electronics and that it is sufficient to fund the overall electronics investment. However, the committee believes that because the Department does not have an investment strategy for advanced lithography it has resulted in an investment portfolio imbalance. Therefore, the committee recommends the following action for a strengthened and continued program:

- (1) Increase ARPA in request in PE 603739E for research in lithography from \$10 million to \$55 million;
- (2) Redirect \$20 million of the \$90 million requested for SEMATECH to advanced lithography development;
- (3) Provide \$25 million to ARPA for the procurement of lithography tools (alignment tools, steppers, etc.) to be placed at government sponsored research institutions (Federal and national laboratories, FFRDCs, universities) currently supported advanced lithography development. This will accelerate and intensify research and stimulate U.S. tool manufacturing; and
- (4) Direct the Secretary of Defense to implement section 263 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) to complete the staffing of the Semiconductor Technology Council and facilitate its operation to immediately address a strategy for lithography development and industrialization.

The committee understands that, when possible, these funds will be matched by private industrial research funding. Funding for the above research and development should be in accordance with the current lithography plan contained in the National Technology Roadmaps for Semiconductors.

The committee recommends the following reductions in programs to offset this initiative. The committee notes that several of the programs listed below have limited long-term application if a strong U.S. capability in leading edge integrated circuit development and manufacturing does not occur.

PE 602308A-decrease \$10 million.

PE 602572N-decrease \$10 million.
PE 602702F-decrease \$10 million.
PE 602301E (ST-19)-decrease \$20 million.
PE 602217C (1601)-decrease \$20 million.

Finally, section 216 of the bill would prohibit the obligation of any high performance computing (PE 602301E), SEMATECH (PE 603745E) or Warbreaker (PE 603226E, Project EE-40) funding until the Semiconductor Technology Council, established in the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) is functioning.

Environmental research

The committee is troubled that the Department requested only \$298.8 million for environmental research and technology development, \$127 million less than was authorized last year. The Department's environmental security representative has testified that one way to save future environmental remediation and compliance costs is through technological advances. Consequently, this cut sends a mixed signal.

Therefore, the committee recommends a \$10 million increase in PE 604708D in the new Technology Certification Program. This program will take promising remediation and waste management technologies through the tests necessary to win the approval for use from the U.S. Environmental Protection Agency.

The committee commends the Department for minimizing duplication in its environmental research efforts, for better focusing its projects, particularly in its plans for the Strategic Environmental Research and Development Program. Also, the committee is pleased that the Department acted on a committee directive from last year to create a computerized cross-walk between user needs and research efforts, and that the data base has proved useful to the Department. The committee continues to be concerned, however, that too many of the Department's research projects, even those that prove successful in the laboratory, are not being used. To this effect, the committee notes the absence of environmental technology development projects in the military services' engineering and manufacturing development accounts.

Therefore, the committee directs the Secretary of Defense to report to the congressional defense committees no later than January 1, 1995, with a status report of the environmental research projects currently receiving money in the technology base and advanced development accounts. The report shall also contain an analysis of which, if any, of these projects may be ready to move into engineering and manufacturing development in fiscal year 1996. The committee expects the Department to seek funds for such projects in its 1996 budget request.

Finally, as the committee has done for the past two years, it recommends that 10 percent of the \$90 million authorized for SEMATECH be used to develop environmentally conscious manufacturing techniques for the semiconductor industry.

Exploratory research

The statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357) directed the Secretary of Defense to complete an assessment of the Department's exploratory research and development base. The report will examine the extent to which DOD-unique exploratory research activities will be affected by the military services' plans to transfer large portions of their exploratory research from the Department to universities and private industry, with potential unintended consequences. The report was due on February 1, 1994; however, the committee has not received it. Therefore, the committee directs the Secretary to suspend all actions pertaining to the movement of exploratory research capability to the private sector until a satisfactory assessment is provided to Congress.

MANTECH

The Department's manufacturing technology program (MANTECH) has undergone radical change in response to changing military and national needs in manufacturing. The committee recognizes the Department's new initiatives (including the Technology Reinvestment Project (TRP)) and the Department of Commerce's Advanced Technology Program (ATP). These programs represent over \$1 billion of dual-use opportunity and maintain a strong manufacturing focus.

Therefore, the committee believes that the department should reevaluate the MANTECH program to ensure that the needs of the military services are being met and that the MANTECH program is coordinated for technical exchange with the TRP and ATP programs. The committee encourages the Department to continue supporting the MANTECH centers of excellence to facilitate partnerships with industry and the TRP and APT, as well as partnerships in other dual-use partnership arrangements with Federal entities under the provision codified in section 2173 of title 10, United States Code.

The committee also encourages the continued support of those manufacturing coalitions which leverage industrial matching and offer linkages for technology transfer to and from industry and the military. In addition, the committee directs the Department to consider the following program adjustments:

- (1) As the age of weapon systems increases, repair and rework will become an even larger segment of the equipment life-cycle costs. In recognition of the importance of reducing repair costs, the committee directs that not less than \$15 million of the funds authorized and appropriated for the MANTECH program be used for repair technology programs;
- (2) \$7.6 million of the Air Force MANTECH program be used for continuation of the computer-assisted technology transfer (CATT) program to continue the test bed and CATT special projects office;
- (3) \$15.5 million be added to PE 708011N for the Navy industrial preparedness program;
- (4) \$5 million be directed for apparel manufacturing and \$2 million for the generalized emulation of microcircuits (GEM) program at the Defense Logistics Agency; and
- (5) A general increase for authorized projects of \$20 million in PE 603705D.

Research and development categories

Section 268 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) required the Secretary of Defense to: (1) review the Department's management and assignment of program element numerical categories to its research and development programs; (2) designate an official responsible for monitoring and reviewing such program element categories; and (3) provide a report and certification to the congressional defense committees.

No report has been provided and it is not evident from reviewing the research and development descriptive summary material for fiscal year 1995 provided by the Department that an official with sufficient authority has been designated to correct the type of discrepancies described in the committee report on H.R. 2401, the National Defense Authorization Act for Fiscal Year 1994 (H. Rept. 103-200). The committee notes that while a new system of program element numerical categories has been instituted, the Department has not instituted the necessary procedures to enforce compliance with the new system.

The committee understands from informal discussion with Department personnel, that the Department hopes to have the new system fully instituted by 1995. The committee reminds the Secretary of the need to comply with last year's legislation.

Tactical aircraft modernization programs

The budget request included \$100.037 million and \$101.354 million, for the Navy and Air Force Joint Advance Strike Technology (JAST) programs, respectively. The objective of the JAST program is to develop an affordable next generation strike fighter aircraft that would optimize commonality among the military services through design modularity and common components. The fiscal year 1995 request would fund the following technology areas: air vehicle; manufacturing and producibility; propulsion; avionics; weapons integration; supportability; strategy to technology analysis; and strike weapons system concept studies.

The budget request also includes \$8.721 million for the Navy and \$20.014 million for the Advanced Research Projects Agency (ARPA) for Phase II of a four phase program for the Advanced Short Takeoff and Vertical Landing (ASTOVL)/Conventional Takeoff and Landing (CTOL) demonstrator aircraft. The program's objective is to investigate the technical feasibility of designing an affordable aircraft, using modular design and common engine, airframe, and avionics. Fiscal year 1995 funds would be used for wind tunnel and propulsion system tests of competing concepts. No funds are identified in the budget for Phases III and IV.

The committee commends the Department's efforts to achieve a common, affordable multi-service solution to satisfy future aircraft requirements. The committee, however, has the following concerns:

(1) No agreed upon multi-service requirement exists, yet the Department has requested over \$230 million for the next fiscal year for a variety of disparate tasks that include conceptual, studies and analysis, modeling and simulation (\$111.612 million), wind tunnel and propulsion system tests. The Department's goal is to enter engineering and manufacturing development at the turn of the century;

(2) JAST has similar objectives to ASTOVL/CTOL, yet each exists as separate programs;

(3) The Navy and Air Force JAST scope of work replicates a significant amount of technology development within individual service program elements. It appears that the Navy and Air Force JAST budgets, and their other related technology budgets, were developed independently. For example, the Navy and Air Force JAST request for a ground demonstrator engine is \$32.769 million. At the same time the Navy and Air Force budget request included at least \$85 million, level of effort funding, for exploratory and advanced development in turbine engine programs. This does not include the funding for ASTOVL, the majority of which is for developmental engine funding. Similar overlap and duplication exist in the scope of work described for JAST and other military service technology efforts for structures, materials and processes, subsystems and power, avionics, weapons integration, and supportability.

The committee supports the potential of the JAST office to provide the multi-service focus required to manage the acquisition of the next generation tactical aircraft. Therefore, the committee believes that ASTOVL/CTOL must be an integral part of the JAST effort, with funding provided by JAST for ASTOVL/CTOL through Phase II, and execution remaining with ARPA. The committee also believes there must be closer coordination and integration of military service technology efforts with the JAST office. This will provide the necessary focus for JAST development.

Accordingly, the committee recommends the following adjustments to the requested levels to achieve central management of JAST and ASTOVL/CTOL and to minimize redundancy and unnecessary duplication between JAST and other JAST-related technology efforts:

[In millions of dollars]

	Request	Change	Recommendations
ARPA ASTOVL/CTOL 603226E/EE24	\$20.104	(\$20.014)	0
Navy:			
ASTOVL/CTOL 603217N/R2152	8.721	(8.721)	0
Propulsion 603217N/W2014	8.354	(5,000)	\$3.354
JAST 603800N	100.037	n/c	100.037
Air Force:			
Propulsion 603202F	25.636	(8,000)	17.636
603216F/P681B	28.991	(10,000)	18.991
JAST 603800f	101.354	n/c	101.354

Finally, the committee expects the fiscal year 1996 request to be accompanied by a complete joint requirements and cost and operational effectiveness analysis. The document should address, at a minimum, the two cockpit versus one cockpit issue, and the two engine versus single engine issue.

ARMY RDT&E

OVERVIEW

The budget request for fiscal year 1995 contained \$5,260.082 million for Army RDT&E. The committee recommends authorization of \$5,425.303 million, an increase of \$165.221 million to the administration request.

The committee recommendation for the fiscal year 1995 Army RDT&E program are identified in the table below. Major changes to the Army request are discussed following the table.

Offset Folios 105 to 108 insert here ***TABLE GOES HERE***

ITEMS OF SPECIAL INTEREST

Advanced lasers

The committee supported both advanced laser technology for the medical field and the application of solid state dye laser applications in fiscal year 1994. Accordingly, the committee recommends an additional \$4 million in PE 602307A for this proposal.

Advanced simulation technology

The committee is concerned that the Army is beginning to skew its investment strategy in the technology base toward an excessive emphasis on modeling and simulation at the expense of other advancing hardware technologies. The committee cautions the Army that there are limits to which simulation technology investments are sensible given the drop in defense budgets. The Army must not lose sight of its future hardware needs and of the programs that keep pace with future weapons and platform technology. The committee recommends a \$10 million reduction in PE 602308A to support the electronics development base in PE 603739E.

Air defense

The Department's division air defense study underscored the need to proceed with a non-developmental complementary missile to the Stinger. The committee provided funds for live fire tests of a non-developmental complementary missile in fiscal year 1994 to test the capabilities of the Army selected Starstreak missile. The Department has failed to budget for air defense improvements beyond these funds to address the acknowledged deficiency.

Therefore the committee recommends an additional \$10 million in PE 203801A to continue testing a platoon sized operational test and evaluation of the Starstreak missile to enhance the lethality of the Avenger system.

Air defense command, control and intelligence

The budget request contained \$26.5 million for air defense command, control and intelligence for fiscal year 1995.

The recent division air defense study validated a need for an improved target acquisition capability to passively identify and track difficult targets. The committee questions the ability of existing sensors to detect, classify and track these targets in a clutter environment. Therefore, the committee directs the Secretary of the Army to provide the congressional defense committees with a report along with the fiscal year 1996 budget request on available passive sensor technologies for the detection, classification and tracking of targets in clutter.

The committee recommends authorization of \$26.5 million in PER 604741A for air defense command, control and intelligence for fiscal year 1995.

Armored systems modernization

The committee is concerned about the decision to proceed with liquid propellant (LP) for the advanced field artillery system (AFAS) cannon. Recent test results have created doubt that the current schedule can be maintained. The LP cannon promises greater range and lower per round cost, but stretches the AFAS schedule by two years. If the LP program cannot improve its performance it will take the Army several more years to develop LP. This will require a restructuring of the program for the alternative unicharge cannon propellant.

The committee believes that this risk is unacceptable. The Army should focus on fulfilling fundamental deficiencies in its artillery for range, rate of fire, and mobility in the most prudent and cost-effective way. Therefore, the committee directs the Secretary of the Army to:

- (1) Continue AFAS chassis work to take advantage of the nearly \$1 billion in prior investment;

(2) Bring forward both LP and unicharge gun concepts through a maximum 12-month intensive test and evaluation phase. Downselect to a single cannon once sufficient testing has been completed to assure that overall AFAS program goals will be achieved without further backtracking;

(3) Unify a contractor team to undertake integration designs to accommodate either unicharge or LP;

(4) Slow the field artillery resupply vehicle (FARV) development. Develop a strategy that would provide the highest priority for early selection of unicharge or LP in the demonstration/validation phase. This will permit the FARV to be accelerated for integration into the latter portion of the demonstration/validation schedule.

Furthermore, the Secretary is directed to provide the congressional defense committees with a revised detailed acquisition plan not later than 60 days after enactment of this Act,

Automated mammogram screening

Due to the promising nature of automated mammogram screening technology, the committee recommends authorization of \$5 million in PE 603002A to support the application of ultra-high throughput (>1000 Hz) optical correlators for breast cancer detection.

Aviation testing consolidation

The committee understands that the Army is reviewing the possible consolidation of its aviation test centers. The committee is concerned that initial, incomplete assessments of perceived short-term dollar savings and operational efficiency frequently do not come to fruition in implementation. The committee therefore directs the Secretary of the Army to refrain from implementing any reorganization of Army aviation test centers until the Secretary provides a report to the congressional defense committees describing the overall plan for consolidation of such test centers.

Battery technology

The committee continues to support accelerated development of battery technology. The committee recommends an additional \$3 million in PE 602705A for low-cost reusable alkaline manganese batteries for portable manpack radios; no-lead added alkaline cells; and for advanced non-metallic rechargeable battery systems.

Battlefield combat identification system

The committee is pleased that the Army is committed to developing and procuring a near-term battlefield combat identification system (BCIS) to minimize "friendly fire" casualties. The committee fully supports the Army's plans to accelerate this program and to integrate it into the 1996 digitized brigade. The committee directs that an additional \$5 million be authorized for air-to-surface BCIS development in PE 603772A, project D281. This will ensure that the Army can achieve its goal of air-to-ground combat integration.

Battlefield digitization

The committee agrees with the Army's initiative to digitalize the battlefield as a key element in modernization. The committee believes that the Army's digital battlefield system architecture should be open and partitioned to permit growth. It should also maximize utilization of non-developmental and commercial off-the-shelf items.

The committee is concerned that the overall system architecture is in the embryonic stage when major platforms, such as the Apache helicopter, Bradley fighting vehicle and Abrams tank, are proceeding with major digital upgrades without having critical digital interfaces, standards and protocols defined. Additionally, it appears that there is insufficient emphasis on integration and interoperability requirements with aviation digitization.

The committee is also concerned that critical platform communication and reporting systems such as the Army Data Distribution System, the Single Channel Ground-to-Air Radio System and the Enhanced Position Location Reporting System are inadequate to support the digital battlefield in their current configuration. The

committee understands that all platforms cannot have embedded digital systems. Therefore, the committee supports the Army's applique approach to digitize non-embedded platforms.

The committee is also concerned that the Marine Corps is not participating in the Army's digitization effort.

The fiscal year 1995 budget request includes \$75.9 million for digitization, of which \$41 million is for development, procurement, and integration of applique hardware to support live bridge experimentation in fiscal year 1996, and live division experimentation in fiscal year 1997. The committee supports this effort and believes the Army should structure the program to take advantage of production-ready digital hardware and software that has been successfully tested at the National Training Center. The Army should not delay the program in search of ultimate solutions. The committee believes the Army can achieve its goal of fielding a digitized division by fiscal year 1999 if the Army pursues the approach.

The committee recommends a program that allows the Army to accelerate combat vehicle integration into the digitized battlefield. Currently, the Army plan's to reach this objective are uncertain. Nevertheless, the committee recognizes the benefits of taking this action. Therefore, the committee recommends an additional \$50 million in PE 203758A for this purpose. This bill contains a legislative provision (sec. 219) that would define the conditions of use.

Battlefield surgical tissue replacement

Battlefield trauma can cause substantial damage to internal body structures. Simple surgical closures cannot adequately repair the damage. There is a need for the development of tissue substitutes and novel repair methods for material joining, as has been demonstrated by low-powered diode lasers to fuse prostheses in place. Accordingly, the committee recommends an additional \$5 million in PE 602787A to conduct research for this purpose.

Brilliant anti-armor submunition

The budget request contained \$109 million for the brilliant anti-armor (BAT) submunition for fiscal year 1995.

The committee has recommended the termination of the tri-service stand-off attack missile (TSSAM) program. The committee believes that the multiple launch rocket system (MLRS) should be evaluated as an alternative vehicle for the BAT.

Accordingly, the committee recommends authorization of \$119 million for BAT for fiscal year 1995, including an additional \$10 million in PE 604768A for the incorporation and evaluation of BAT on MLRS.

Countermine development for military operations other than war

The military services, through the Joint Uniform Lessons Learned System, have identified anti-personnel land mines as a significant threat to future force projection operations and military operations other than war (OOTW). The committee is concerned that the services lack an effective means to detect, identify, and remove millions of anti-personnel mines scattered in countries throughout the world. The Department of State estimates that there are approximately 85 million mines in 62 countries. These weapons maim and kill more than 10,000 people a year, many of whom are children.

The committee is pleased that the Army's budget request increased mine countermeasure research and development. However, there is little unified activity supporting mine clearance in OOTW. The committee believes that an integrated suite of research and development activities that concentrate on remote detection, classification, mapping and clearance of mine-infested areas must be initiated.

Accordingly, the committee recommends an additional \$10 million in PE 603606A to initiate an Army-led program. The Army shall coordinate its activities with the other services and the Advanced Research Projects Agency (ARPA) to assess its expertise in surveillance, sensor, signal processing and vehicle technologies. The Secretary of the Army shall prepare and deliver a plan for this initiative to the congressional defense committees by February 15, 1995.

Diesel engine

The committee recommends an additional \$3 million in PE 603005A, project D441, to complete the development of two Haeco II diesel combined cycle engines in the 400 to 600 horsepower range to be delivered to the U.S. Army Tank Command for test and evaluation in various ground and air vehicular applications.

Enhanced fiber optic guided missile (EFOG-M)

The Department has selected the EFOG-M program as an advanced concept technology demonstration (ACTD). The committee believes that sufficient modeling and simulation in synthetic environments should have been completed before selecting the EFOG-M for ACTD. Therefore, the ACTD process should focus on hardware and rapid fielding of systems rather than gaming. The committee is also concerned about the ability of the EFOG-M concept to work in inclement weather and amid the noise, dust, and confusion of the "dirty" battlefield and directs that resolving this concern must be an issue in the EFOG-M ACTD.

The committee approves the ACTD for EFOG-M, but believes lower cost approaches can be achieved. The committee reduces PE 603313A by \$10 million.

Environmental technology

Bioremediation holds great promise for cost-effective treatment of environmental pollutants. The Army has made significant progress and demonstrated leadership in initiating tasks in bioremediation technology. This has provided competitive opportunities for underrepresented groups, including women, and student and faculty from historically black colleges and universities and minority institutions to solve Army environmental problems. The committee recommends \$4 million in PE 602720A for continuation of this research.

Helicopter air-to-air missile evaluation

In a 1993 report, the Department of Defense Inspector General (DOD IG) criticized the defensive capabilities of the Army's rotary wing fleet against hostile aircraft. The Army conducted a request for information (RFI) on lightweight air defense missiles in a surface-to-air or air-to-air role. The Starstreak missile was identified as an existing ground to air capability with a strong potential for air-to-air applications because of its velocity and agility.

The committee recommends an additional \$12.5 million in PE 603003A to initiate a proof-of-principle examination and full-scale integration of an air-to-air Starstreak on an appropriate rotary wing platform. This should lead to live fire tests to determine viability on AH-64 and/or RAH-66. This recommendation is consistent with the thrust of the DOD IG's recommendations.

High explosive materials

The committee recommends an additional \$4 million for implementation of an agile chemical facility at the Longhorn Army Ammunition Plant for high explosive process prove-outs of new advanced energetic materials of all for the military services. In addition, the committee recommends an additional \$4 million for the development of black powder substitutes to meet a critical dependency need. These funds are authorized in addition to those requested in PE 602624A

Institute for advanced technology (IAT)

The committee recommends an additional \$3.65 million in PE 601104A for continuation of work related to electrodynamics and hypervelocity physics consistent with the Army's program plan.

Instrumented factory for gears (INFAC)

The committee notes that the Department is transitioning the INFAC to the Army's need for research and development that is directed at improvements in gear manufacturing technology. The committee recommends continuation of funding for INFAC at \$8.5 million level, the amount requested by Army.

Kinetic energy tank round

The budget request did not include funding for the X-rod 120mm direct fire, rocket boosted kinetic energy tank round. The committee understands that the Army intends to request funding for this program in fiscal year 1996. Therefore, the committee supports continued propulsion and guidance system advanced development and recommends that an additional \$17 million in PE 603639A be provided in fiscal year 1995.

Line-of-sight anti-tank (LOSAT)

The committee directs the Army to make an early decision on whether it should continue or rapidly terminate the LOSAT program. The committee believes that since there is no foreseeable plan for LOSAT, cost savings could be achieved in fiscal year 1996 by early termination of the program.

Lyme disease

The committee recommends \$500,000 in PE 602787A for continuation of the lyme disease prevention program at the Army hygiene agency.

MK-19 Soft Mount Program

The committee recommends an increased authorization of \$600,000 in PE 603802A to initiate a program leading to type classification of a Soft Mount for the MK-19 weapon system. The committee is impressed by recent improvements in accuracy and control of the M-19 weapon system with a Soft Mount.

The committee directs the Secretary of the Army to use a non-developmental item approach in a competitive evaluation of Soft Mounts that are produced by three existing small disadvantaged businesses in the United States. The committee further directs the Secretary to then proceed to operational and technical test of the winning mount. The Secretary shall report to the Committees on Armed Services of the Senate and House of Representatives no later than April 1, 1995 on the milestone, test and evaluation plans, and estimated date of contract award for this project.

Passive millimeter camera

The committee is aware of the progress the passive millimeter camera is having in passively detecting targets through weather, obscurants and through some wooden structures. The committee recommends additional funding of \$6 million in PE 602120A to ensure that improvements in the camera's sensitivity and discrimination and field of view are completed, incorporated and evaluated on a second, modular, concept validation camera.

Sense and destroy armament missile

The budget request contained \$72.071 million for the sense and destroy armament missile (SADARM) for fiscal year 1995.

The committee has followed the resolution of the very serious technical problems in the SADARM testing program. Unfortunately, the Army has been unable to resolve the technical issue that would warrant continuation of the SADARM program. The committee is concerned that without SADARM, the Army will have no modern artillery projectile or submunition with terminal guidance. Therefore, the committee recommends an acceleration in the brilliant anti-armor submunition program for incorporation on other delivery vehicles.

Accordingly, the committee recommends authorization of \$10 million in PE 604814A for termination for the sense and destroy armament missile for fiscal year 1995.

Short-range anti-armor weapon/multi-purpose individual munition

In the statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357), the conferees agreed that the Army

should pursue a limited, interim program for procurement of a bunker-defeat munition (BDM). The conferees also agreed that the Marine Corps' short-range anti-armor weapon (SRAW) and the Army's BDM were too similar to justify maintaining separate programs for the long-term. The conferees believed that a long-term solution to the problem should be sought which drew from the SRAW missile and from warhead technology developed in the Army's multi-purpose individual munition (MPIM) program.

The committee has learned that the Army has decided on a program for a MPIM system that will capitalize on the SRAW's propulsion technology and the MPIM's warhead technology. The SRAW missile, with the MPIM warhead, has the potential to satisfy the Army and Marine Corps requirements to defeat multiple targets, while the original SRAW warhead provides an anti-armor capability.

The committee recommends an additional authorization of \$3.9 million in PE 603313A for a joint technology demonstration program that will integrate the Army warhead with the Marine SRAW propulsion system; that will accelerate the currently planned MPIM technical demonstration by one year; and that will provide a basis for entry into a joint engineering and manufacturing development program as early as fiscal year 1997.

Finally, the committee directs the Secretary of the Army to reassess the Army's requirement for the bunker defeat munition and report to the congressional defense committees no later than July 1, 1994, with a plan for meeting the requirement for a bunker defeat capability until the SRAWMPIM weapon is fielded later this decade.

T53 series engine modernization

In fiscal year 1994, Congress appropriated \$15 million to implement the UH-1 service life extension program (SLEP). To be consistent with the airframe and operational improvements being considered for the UH-1 SLEP, the committee believes that dramatic reductions in operations and maintenance costs and improvements in UH-1 performance can be achieved by upgrading the T53 series engines with the incorporation of a full authority digital electronic control (FADEC) into the engine's existing hydromechanical unit. The committee is aware that such a device has already achieved positive results for the MH-47 Chinook fleet which has had its T55 engines modified with a FADEC.

Accordingly, the committee recommends authorization of \$4.5 million in PE 203752A to develop an electronic fuel control to upgrade the T53 series engine hydromechanical unit.

Tactical bridging

The committee is aware of the Army's efforts to improve its tactical bridging capability. Funding constraints in fiscal year 1994 prevented the Army from completing necessary technical data packages and type classification. Therefore, the committee recommends adding \$1.3 million and \$1.1 million to PE 603804A and PE 604804A respectively, to complete the required development prior to entering into production in fiscal year 1996.

Tri-service stand-off attack missile

The budget request contained \$82.5 million for research and development for the Tri-Service Stand-off Attack Missile (TSSAM) for fiscal year 1995.

The statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357), terminated the Army's participation in this program for cost reasons. Since that time, the program has become even more unaffordable due to continuing cost and developmental problems. Given the existence of the acceptable and less costly extended range ATACMS alternative, the committee recommends authorization of no funds for the TSSAM with the intent to terminate it with prior year funds.

Type classify 52 caliber gun

The Army continues to disagree with Congress about the type classification of the 52 caliber XM297 gun as a replacement for a portion of the M-109 Paladin Fleet. The Army argues that the 52 caliber XM297 gun adds significant weight and that this will raise the M-109 above its maximum design threshold and induce system degradation. The committee believes that the higher performance gun for the advance field artillery

system (AFAS) will provide limited fleet capability because the rate of AFAS production will not allow significant units to be fielded for some time. The committee also believes that the Army should plan an extended range capability for the M-109 series howitzer.

According, the committee directs the Secretary of the Army to:

(1) Continue a program for type classification of the XM-230 unicharge in existing 39 caliber, 155mm cannons;

(2) Assess the feasibility and develop program plans for adapting a 52 caliber, unicharge cannon for integration into the M-198 series howitzer.

The Secretary is further directed to provide to the congressional defense committees a revised, detailed acquisition plan incorporating the above directions, not later than 60 days after enactment of this Act. The committee recommends an additional \$10 million in PE 603640A to continue this development.

Unexploded ordnance remediation

The committee recommends an additional \$5 million in PE 602720A for continuation of research, testing and analysis work at the Army environmental center at the Jefferson Proving Ground for unexploded ordnance remediation programs. The committee expects that this will be the last year that it will direct the Army to continue this project. The committee, however, urges the Secretary of the Army to consider including a request for unexploded ordnance research in the fiscal year 1996 budget request.

University related environmental technology

The committee recognizes the Army's support for the academic community and commends the Army for its dedication to expanding the research base in environmental technology. The committee recommends an additional \$10 million in PE 601102A to fund a competitively awarded grant for computing, data and communications networks and associated facilities in support of engineering biotechnology facilitization.

Vectored thrust combat agility demonstrator

The committee understands that the Army and the Marine Corps are proceeding with efforts to complete phase I of the vectored thrust combat agility (VTCA) demonstrator program. The Army, however, has not reported the results of phase I to Congress. Accordingly, the committee directs the Secretary of the Army to report to the congressional defense committees on the potential benefits of the VTCA "Ring Tail" technology based on full scale component testing. The report shall include an assessment of the Army's ability to fulfill the technical and affordability requirements of the Army and Marine Corps aviation modernization plans. The committee will use the results of this report to assess the future of this program.

NAVY RDT&E

OVERVIEW

The budget request for fiscal year 1995 contained \$8,934.718 million for Navy RDT&E. The committee recommends authorization of \$8,913.963 million, a decrease of \$20,775 million to the Administration request.

The committee recommendations for the fiscal year 1995 Navy RDT&E program are identified in the table below. Major changes to the Navy request are discussed following the table.

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ITEMS OF SPECIAL INTEREST

Advanced amphibious assault vehicle (AAAV)

The committee has strongly supported the continued development of the AAAV as a replacement for the Marine Corps' AAV-7. This vehicle will permit rapid ship-to-shore movement of a Marine amphibious landing force and will provide mechanized support for the force once shore. In the past, the committee has expressed its concern about the stability of the program and whether sufficient funds have been allocated to

ensure its development and fielding. The committee has also expressed concern about the strategy for development of the vehicle's engine and about the need to evaluate competing engine concepts under the same standards.

In reviewing the fiscal year budget request and the revised program plan for AAV demonstration/validation and engine qualification, the committee is pleased to note that a revised engine strategy has been established. Alternative engine concepts are to compete on an equal footing with other primary engine candidates before the demonstration/validation prototype vehicle is delivered. Accordingly, the committee recommends an additional authorization of \$4.1 million in PE 603611M for the AAV program to ensure that sufficient funds are available for development and testing of candidate engine concepts.

Advanced anti-radiation guided missile

The statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357) supported the third phase of advanced anti-radiation guided missile (AARGM) development, leading to captive flight demonstrations. The committee recommends an additional \$7.5 million in fiscal year 1995; \$4.5 million in PE 603217N, project W2185; and \$3.0 million in PE 603203F for the AARGM advanced demonstration phase. The committee directs that these funds only be used to transition from a breadboard demonstration to an all-up missile level demonstration phase. Finally, the committee directs that Navy and Air Force internal use of these funds shall be limited to design reviews, test and evaluation, and systems performance analysis.

Advanced rocket system

The budget request included \$14.765 million for engineering and manufacturing development of the advanced rocket system (ARS) in PE 604603N.

For the past three years, the committee has emphasized the need for a new 2.75" rocket program to be a joint program. The statement of managers accompanying the conferees report on the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484) (H. Rept. 102-966) directed the Secretary of Defense to provide the congressional defense committees with a joint cost and operational effectiveness analysis, a joint hypervelocity rocket technology evaluation, and a joint program consolidation plan for the ARS program.

Because these reports were not submitted, section 222 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) restricted obligation of fiscal year 1994 program funding until 30 days after the Department had submitted the reports to the congressional defense committees. To date, the reports still have not been submitted.

The committee understands that the Army has declined to participate in the program and that the Marine Corps is reviewing the affordability of the program. Accordingly, the committee recommends termination of the program and recommends \$3 million for such purposes.

AIM-9X missile

The committee assigns a high priority to the development of the AIM-9X as rapidly as is technically feasible and recommends full-funding for the purpose. The committee notes that the assessment of AIM-9X program directed by the Senate Appropriations Committee report on H.R. 3116 (S.Rept. 103-153) has not been submitted. In the absence of that assessment, the committee believes that the on-going British advanced short-range air-to-air (ASRAAM) program should be considered as a candidate for the AIM-9X mission, if it can adequately meet U.S. requirements at a lower cost.

Airship evaluation in mountaintop phase I

The committee recommends an additional authorization of \$8.2 million in PE 603238N to conduct an airship-ultra high frequency radar demonstration as a part of the Mountaintop Phase I project. Availability of the funds for this purpose is subject to the successful test in July 1994 of the airship concept operating as a part of a naval carrier battle group.

Anti-submarine warfare systems development

The committee recommends an additional authorization of \$5 million in PE 603254N to continue hardware and software development and the installation of system upgrades in the BEARTRAP aircraft. The committee also recommends an additional \$4 million to exploit the development of extended echo ranging technology for shallow water antisubmarine operations.

Army/Marine Corps 155mm lightweight howitzer program

The committee recommends a \$7 million increase in PE 603635M, and a \$7 million increase in PE 603004A to continue the Army and Marine Corps joint development program for a 155mm howitzer replacement. Together with the funds provided in the fiscal year 1993 budget, these additional funds should permit the Army and the Marine Corps to complete technical evaluations of existing 155mm lightweight howitzer prototypes; to evaluate advanced fire control and other technologies that show promise for significant improvements in the tactical mobility and operational effectiveness of towed artillery systems; to confirm the operational requirements; and to provide the basis for a decision to proceed with further development and acquisition of the system.

Battery technology

The committee recommends an additional authorization of \$1 million in PE 602314N for development of battery technology. Out of this sum, \$500,000 shall be used to continue development of a safe, non-metallic rechargeable battery for the Seal Delivery Vehicle, and \$500,000 shall be used to continue development of a universal "AA" lithium carbon monofluoride battery for naval application.

Circuit breaker standardization

The committee recommends an additional \$2.8 million in PE 602121N for continuation of the second phase of the air circuit breaker standardization program.

Command, control, and communications advanced technology

The budget request included \$5.6 million in PE 603794N for a Multiple Component Strike planning prototype demonstration, and \$4.5 million for a cockpit simulation and replanning demonstration with the Tactical Air Mission Planning System and Warbreaker. The committee strongly believes that mission planning system development needs to be an integrated activity between the Navy and the Air Force so that the targeting and retargeting process is essentially transparent regardless of the aircraft and weapons system involved. This also needs to be an integrated activity so that planning and targeting data can be transmitted easily between the military services. The committee recommends a reduction of \$5.1 million in the budget request.

Commercial gas turbine technology for shipboard use

The committee understands that commercial gas turbine technology has progressed to the point where very efficient and inexpensive commercial generator sets are available in appropriate sizes for naval applications. Application of these products as non-development items for ship service generator systems could substantially reduce acquisition and operating costs while fully meeting the military requirements of ships such as the DDG-51. Because the system is a non-developmental item, new generator sets could be evaluated in time to meet the requirements of the 20DDG-51 Flight IIA. Depending on the outcome of systems application studies, such systems could be used at ratings of 3000-3500 KW and could possibly reduce the number of ship service generator sets on a given class of ship. An NDI turbine could also be compatible with new shipboard electrical generation/distribution technology being contemplated by the Navy.

The committee directs the Secretary of the Navy to investigate the use of commercial gas turbine generator sets for ship service use and report to the congressional defense committees the cost savings that could be realized and plans for incorporation of such systems into the DDG-51 Flight IIA and other ships.

Crash resistant troop seats

The committee recommends \$2.7 million in PE 602233N to pursue final testing, integration, and certification of a crash resistant, non-developmental item seat in CH-53 helicopters.

Curved Plate Technology

The committee recommends an additional \$15 million in PE 602234N for completion of the curved plate double hull technology program for tankers.

Fiber optic acoustic sensor technology

The committee continues to believe that fiber optic sensor systems should be further pursued for their low cost, light weight, military applications, and commercial uses. Accordingly, the committee recommends an additional \$16.8 million to continue technology efforts in this area (with the objective of reducing the cost and weight of flank array); to continue the development of common optical towed arrays; and to undertake a manufacturing technology program for the efficient transition of fiber optic sensor system from development into production. The increased authorization is distributed among the following program elements: \$4 million to PE 603504N; \$7.8 million to PE 204311N; and \$4.8 million to PE 708011N.

High strength steel structures research

The committee supports the efforts of the Office of Naval Research and the Naval Surface Warfare Center to continue to expand materials research in: welding and welding consumables for high-strength steel structures; advanced methods to manage hydrogen in welding structures; and development of "part-on-call" manufacturing of metallic components. The committee recommends an additional \$5 million in PE 602234N for collaborative research efforts between the Navy and the academic community.

Integrated amphibious and mine warfare communications network

Improvements in the Single Channel Ground and Airborne Radio System (SINGARS) that incorporate the global positioning system's locating and full networking capabilities, provide enhanced support for maneuver warfare, reduced fratricide on the battlefield, and improve situational awareness among commanders. The Navy's doctrine demands similar capabilities for Navy and Marine Corps units. The Navy plans to install SINGARS on virtually all of its ships and amphibious craft beginning in 1996. Current plans, however, do not use the full capability of the SINGARS improvements.

The committee believes that the improved SINGARS may contribute to an enhanced capability for joint forces operating in littoral regions. Therefore, the committee recommends an additional \$5 million in PE 603792N to demonstrate the application of a SINGARS-based voice and data distribution system to Navy and Marine Corps requirements in an amphibious maneuver and mine warfare command and control system.

Interactive multi-dimensional acoustic trainer (IMAT)

Last year, the committee recommended an additional \$3.8 million in PE 603707N to exploit the IMAT interactive, computer-assisted training technology, and its potential for application to training in active and passive anti-submarine warfare, mine countermeasures, radar, electronic support measures, cryptanalysis, satellite communications and other activities. Because the IMAT training technology appears to have widespread application, the committee encouraged the Navy to establish a five-year program that will lead to its adoption by the service.

The committee is disappointed that the Navy has decided not to continue funding the IMAT initiative in its fiscal year 1995 budget request and not to capitalize on the IMAT technology. The committee is also disappointed that the Navy does not appear to have a coherent program for application of interactive, computer-assisted technology to Navy training needs. The committee believes this is shortsighted and detracts from the development of the positive training environment that will be critical to maintaining the future readiness of the fleet.

The committee recommends an additional \$3.8 million in PE 603707N to continue the IMAT program. The Committee directs the Secretary of the Navy to report to the congressional defense committees by May 1, 1995, with an assessment of the Navy's individual and unit training requirements, and the requirements and plans for development of the advanced training technologies that will be necessary to meet the needs of the Navy and the Marine Corps between now and the end of the century.

Long range guided projectile technology

The committee recommends the transfer of \$5 million requested in PE 603217N to PE 603795N, Gun Weapon System Technology. The committee endorses the findings of the study of alternative ship-to-shore fire support systems conducted by the Office of the Secretary of Defense and the soon to be released Navy surface fire support (NSFS) cost and operational effectiveness analysis. These studies report that precision guided munitions will be required to meet the NSFS requirement and that precision guided munition technology is the pacing element.

The committee is aware of system concept studies that were initiated last year under the gun weapon system technology program and that included an advanced long-range precision guided munition as an essential element. The committee is also aware of a number of different guidance technologies that have been developed and demonstrated by the Advanced Research Project Agency, the Army, and industry technology development programs over the past ten years that may have application to precision guided munitions. The committee also notes that, by the Navy's own estimate, the surface fire support program is underfunded by \$22.6 million in the fiscal year 1995 budget request.

The committee believes that the Navy should capitalize on technology advances in the area of advanced seekers for precision guided munitions and should concentrate its efforts in the gun weapon system technology program. The committee has repeatedly stated that improvements in Navy surface fires support are a pressing need and that the Navy needs to make this a priority efforts.

Magnetohydrodynamic

The committee supports continuing the magnetohydrodynamic work at the Office of Naval Research. The committee recommends authorization of the \$6 million request and recommends an additional \$3 million in PE 601153N to enable to the program finish on schedule.

Marine environmental research and training

The committee recommends an increased authorization of \$5 million in PE 602233N to permit the Navy to proceed with phase II in its development of a marine environmental research and training program at the Marine Environment Station and established pursuant to title II (Operation and Maintenance, Navy) of the Department of Defense Appropriations Act, 1994 (Public Law 103139).

Medium tactical vehicle replacement

Marine Corps' strategy for replacing its fleet of medium tactical vehicles reflects an approach oriented on rebuilding the existing 5-ton truck fleet and on seeking a joint program with the Army National Guard and Army Reserve. At the same time, the Army has been struggling with its plan for replacing its medium tactical vehicles with a new and more capable vehicle in which unit costs have increased as quantities have been reduced. The committee cannot understand why the two services have differing requirements and programs for development of this vehicle.

The committee does not approve of the Marine Corps' efforts to involve the Army National Guard and Army Reserve in a joint program because this would tend to undercut the Army's plans for replacing its fleet. The committee does not concur with the Marine Corps request of \$1.545 million in PE 206624M for its replacement program. The committee also directs that the Secretary of Defense report to the congressional defense committee by March 31, 1995, on measures that will be taken to harmonize the services' requirements and replacement plans.

Molecular design material science

The committee notes the new directions the material sciences are taking to synthesize and create new molecular structures at the atomic level. These new directions will yield new products for use in electronics, environmental protection, biomedical science and many other military and civilian applications. The Navy has followed congressional direction to centralize an effort in molecular design and to crossfertilize this field with a convergence of biology, organic chemistry and physics expertise. The committee recommends an additional \$10 million in PE 601153N to continue this initiative. The committee cites this as a congressional interest item.

Naval surface fire support

The committee has viewed Naval surface fire support as a critical element of the Navy's ability to support Marine amphibious assaults. The committee has repeatedly expressed its concern about the Navy's reduced capability to provide fire support for these operations.

As a result of the guidance provided in the statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public law 102-190) (H. Rept. 102311), the Office of the Secretary of Defense and the Department of the Navy have completed two assessments of naval surface fire support. One assessment concluded that advanced guided projectiles were a critical element in both near and far-term solutions to the requirement, and that improvements in the Navy's 5 inch guns and a ship-launched version of the Army's tactical missile system (ATACMS) were the most cost-effective near-term solutions.

The second assessment recommended improvements in the 5-inch gun for existing surface combatants; development of an advanced 155 mm gun for future surface combatants; joint development with the Army of advanced precision guided projectiles; establishment of agreements with the Army for a near-term ATACMS contingency capability and analysis of long-term fast strike missile requirements; and leverage of advanced gun technology developments in concert with the Defense Nuclear Agency (DNA) and the Army.

Given these recommendations, the committee believes now is the time for an advanced Navy surface fire support program to fulfill the initiative the defense authorizing committees began over three years ago. The committee believes, however, that the Navy's commitment (reflected in this fiscal year 1995 budget request of \$24.8 million in PE 603795N for gun weapons system technology development) is insufficient to provide the focused, robust naval surface fire support research and development expected by the committee.

Accordingly, the committee recommends an increased authorization of \$36.6 million. The committee encourages the Navy to build upon its close working relationships with the Army in the areas of liquid and advanced solid propellant gun propulsion and guided projectile technology, and with the Defense Nuclear Agency in electrothermal gun propulsion technology. If progress is to be made in naval surface fire support, the committee believes it imperative that the Navy stabilize the program management and ensure that the program is kept free of military service individual laboratory, and research and development center parochialism.

Near-term mine reconnaissance system (NMRS)

The committee notes that the Navy has approved a new strategic plan for unmanned underwater vehicles which emphasizes the near-term application of these vehicles to mine reconnaissance. Key to this plan is the restructuring of the Navy submarine offboard mine search system (SOMSS) program into a program for the development and demonstration of a near-term mine reconnaissance capability. The committee endorses the restructured near-term mine reconnaissance system (NMRS) because it promises to provide an early operational capability at a reduced development cost.

Plasma-electric waste conversion

The committee is aware of a process called "plasma-electric waste conversion." This process could significantly reduce the weight and volume of shipboard wastes without producing toxic emissions. The process may also have applications to the processing of other waste. The committee directs the Secretary of the Navy to assess the technology, and recommends an additional authorization of \$1.8 million in PE 603721N to support a pilot program to test the process for shipboard use.

Sea control and littoral warfare technology demonstration

The budget request for fiscal year 1995 includes \$82.134 million in PE 603555N, compared to an authorization and appropriation of \$60.609 million in fiscal year 1994. The committee believes that such an increase cannot be justified at a time when other programs are being sharply reduced. Accordingly, the committee recommends a \$20 million reduction in this program element. The committee also believes that the advanced vibration reducer project is more appropriate to PE 60356N, advanced submarine system development, and directs its transfer to that program element.

Ship main propulsion gas turbine improvements

The committee has consistently supported the development of the inter cooled recuperated (ICR) gas turbine engine to meet future requirements for an advanced, fuel-efficient, high-powered engine for naval surface combatants. Accordingly, the committee recommends an additional authorization of \$7.4 million in PE 603573N to accelerate the development of the engine and its application to future surface combatants.

The committee has also supported an evaluation of the potential for long-term improvements in a recuperated LM-2500 gas turbine engine (the LM-2500R). The improvements could reduce ship operating costs if used with the ICR gas turbine (as planned in future surface combatants), or when backfit to existing ships.

In the statement of managers accompanying the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357), the conferees directed the Secretary of the Navy to provide the congressional defense committees with a complete life cycle cost analysis of proceeding with an LM-2500R development. The report has not been received.

The committee recommends an additional \$5 million in PE 602573N, and directs the Secretary of the Navy to initiate the LM-2500R retrofit program in parallel with continued development of the ICR. The committee directs the Secretary of the Navy to report on an integrated program plan for continued development of the ICR and the LM-2500R and a cost benefit analysis of the application of the two engines to the fleet. The report shall be submitted with the fiscal year 1996 budget request.

Ship self defense/cooperative engagement program plan

The committee finds that reports such as the Secretary of the Navy's "Ship Anti-Air Warfare (AAW) Defense Report 1993" are essential tools for assessing the direction of the ship self-defense and related Navy AAW programs. The statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484) (H. Rept. 102-966) required submission of this report.

Accordingly, the committee directs the Secretary of the Navy to submit to the congressional defense committees, no later than February 28 of each year through fiscal year 1999, an annual update to the report which details the program objectives, plan, schedule, and funding requirements for Navy anti-air warfare programs, including the ship self-defense and cooperative engagement programs.

Ship self-defense for sealift shipping

The Navy has embarked on an extensive program for ship self-defense of surface combatants and amphibious shipping. The Navy, however, has made no provision for sealift shipping self-defense. The committee believes that the Navy must give renewed consideration to the defense of high-value sealift, either by providing escorts or by providing a self-defense capability. The committee also believes that a self-defense capability for sealift ships could be adapted from the ongoing ship self-defense program, or from the earlier test and evaluation program of the late 1980s which emphasized a non-developmental approach.

Accordingly, the committee directs the Secretary of the Navy to assess the threat to sealift shipping and the requirements for defense of sealift ships (such as Maritime Prepositioned Ships and Fast Sealift Ships) in light of the changes in the world security environment and U.S. national military strategy. The Secretary shall report on the results of this assessment with the submission of the fiscal year 1996 defense budget request.

The committee directs that, of the funds authorized in PE 603755N for the ship self-defense program, \$15 million be applied to the analysis, test and evaluation of potential ship self-defense capabilities for sealift ships with emphasis on a non-developmental item approach.

Ship self defense-rolling airframe missile

The committee recommends an increased authorization of \$5 million in PE 603755N to initiate a program for evaluation of an insensitive munition, dual-thrust motor upgrade to the rolling airframe missile. The program would improve kinematic performance and would substantially increase system effectiveness against supersonic, maneuvering anti-ship missiles.

SSBN security technology assessment program (STAP)

The committee recommends an increased authorization of \$12.350 million in PE101224N for priority activities under the STAP program. Additional information on this program is contained in the classified annex.

Standoff air-to-surface munitions technology demonstration

Section 223 of the National Defense Authorization Act for 1994 (Public Law 103-160) authorized up to \$4.0 million to conduct a demonstration of non-developmental technology that would enable the use of a single adaptor kit for munitions in the 1,000 pound class and below to provide a standoff, near precision guided capability. The committee is aware of demonstrated technology that shows the potential of providing required munitions delivery capability at significantly reduced cost from other comparable systems under development.

The Secretary of the Navy, however, has failed to meet the time requirements established by section 223. Therefore, the committee directs the Secretaries of the Navy and the Air Force to proceed with a technology demonstration of the most capable non-developmental technology reviewed in the request for information cited in section 223(b).

Submarine acoustic warfare development

The committee recommends an increased authorization of \$8.862 million in PE 101226N to accelerate the development of the ADC EX-11 mobile multi-function countermeasure device and the advanced submarine torpedo defense (SMTD) device.

Tactical airborne reconnaissance

The budget request included \$59.372 million in PE 603261N to continue the integration and the testing of the advanced tactical airborne reconnaissance system (ATARS), and to integrate and begin testing the electro-optical long-range oblique photography system (EO-LOROPS) in the F-18D(RC). The statement of managers accompanying the Department of Defense Appropriations Act, 1994 (Public Law 103139) (H. Rept. 103339) limited the obligation of funds for the ATARS program (of which EO-LOROPS is a part) until the Secretary of the Navy submits a report on the F/A-18D tactical reconnaissance aircraft.

Without this report and detailed program plan, the committee cannot evaluate the Navy's budget request for this program for fiscal year 1995. Accordingly, the committee denies the budget request for EO-LOROPS and recommends a reduction of \$22.5 million in PE 603261N.

Tri-service stand-off attack missile

The budget request contained \$66.662 million in PE 604312N for research and development of the Tri-Service Stand-off Attack Missiles (TSSAM) for fiscal year 1995.

The committee notes that this program has become unaffordable due to continuing cost and developmental problems. The standoff land attack missile expanded response (SLAM ER) is an acceptable and less costly alternative to the TSSAM. Therefore, the committee recommends no authorization of funds for TSSAM with the intent to terminate the program with prior year funds.

Weapon systems architecture and engineering

The budget request included \$2.906 million in PE 603763N for Joint Mission Area/Support Area analysis to support the Navy's investment balance review process. The committee considers this to be a management support activity that is inappropriate to an advanced technology development program and more appropriate to headquarters support or research, development, test and evaluation management for which funds are requested in other program elements. Accordingly, the committee recommends a reduction of \$3.409 million.

AIR FORCE RDT&E

OVERVIEW

The budget request for fiscal year 1995 contained \$12,349.362 million for Air Force RDT&E. The committee recommends authorization of \$12,318.766 million, a decrease of \$30.596 million to the administration request.

The committee recommendations for the fiscal year 1995 Air Force RDT&E program are identified in the table below. Major changes to the Air Force request are discussed following the table.

Offset Folios 138 to 142 Insert here ***TABLE GOES HERE***

ITEMS OF SPECIAL INTEREST

Advanced boresight equipment

The budget request included \$1.4 million, \$1.3 million, and \$900,000 for the Army, Navy, and Air Force, respectively, for advanced boresight equipment. This new type equipment for boresight weapons systems offers considerable manpower savings for the military services. The committee recommends and additional \$1.0 million each, for the Navy and Air Force in PE 205633N and PE 708026F, respectively.

Decision support technology

The budget request included \$8.673 million in PE 603789F for command, control, and communications advanced technology development. The committee recommends an additional \$7.0 million to conduct a technology demonstration of decision support technology that includes use of massively parallel computers to accomplish real time mission planning, three dimensional geographic information, and real time digital image transfer.

Ducted rockets

The budget request included \$4.194 million in PE 603216F for continued development of variable flow ducted rocket motors for current and future missile systems. The committee recommends an additional \$6.0 million to facilitate technology transition to increase overall end-game kinematics for current and future missile systems.

F-111 squadrons

The budget request included \$10.015 million in PE 207129F, project 1930, for program termination actions associated with the stores management system because the Air Force plans to eliminate the F-111F from its force structure. An additional \$5.073 million is projected for termination actions in fiscal year 1996. The committee recommends a total of \$500,000 for program termination.

Microencapsulated phase change materials

In fiscal year 1992, Congress began a program to determine the usefulness of microencapsulated phase change materials (MicroPCM) in aircraft avionics cooling systems. That program is progressing well and preliminary results the expected at the end of fiscal year 1995. In order to ensure that the two MicroPCM initiatives are funded through fiscal year 1995, and to avoid unnecessary contract or program gaps, the committee recommends an additional authorization of \$1 million in PE 602201F.

Military satellite communications

The budget request contained \$607.248 million for research and development of the Milstar communications satellite, and \$22.095 million for advanced military satellite communications.

Milstar is a complex and expensive communications satellite system that was originally designed to ensure secure communications between the national command authority and U.S. strategic nuclear forces throughout a protracted nuclear war. With the Cold War's end, Milstar has been modified to be more relevant to the new security conditions. However, it still retains important features from its Cold War origins, and relies upon costly Titan IV boosters for launch.

The committee understands that the advanced Milstar under development, Milstar III, will incorporate technologies not available when Milstars I and II were designed, allowing it to be launched on a less expensive medium launch vehicle. The committee believes that development of Milstar III, the follow-on to Milstar II, should be accelerated so that it can be deployed early in the next decade. In these circumstances, the committee directs the Secretary of Defense to modify Milstar plans accordingly.

The committee has recommended authorization of \$607.248 million in PE 604479F for research and development for Milstar. The committee also recommends authorization of \$35 million in PE 603430F for the advanced extremely high frequency (EHF) military satellite communications program. Of the \$607.248 million, \$12 million may be used either for long lead funding for Milstar II satellites 5 and 6 or to further accelerate the advanced EHF military satellite communications program. This is subject to the restriction that such funds (the \$12 million) may not be obligated until 30 days after the Secretary of Defense has reported to the congressional defense committees on plans to spend these funds, and has commented on the statement the Comptroller General made concerning the Milstar II. (The Comptroller General's testified before the committee on Milstar on April 14, 1994 and submitted a prepared statement.)

The committee is concerned about the fragmented nature of the variety of military communications satellites and the disturbing tendency of such programs to remain isolated from the burgeoning advances of the commercial telecommunications industry. The committee is also concerned about the serious gap that exists between those who establish the requirements and create the demand for military communications networks and those who must pay for them. The committee believes the Department needs to develop a plan for military communications that takes advantages of the commercial telecommunications infrastructure and establishes appropriate interservice funding support so that those who make the decisions concerning quantity and quality of use must fund the impact of those decisions.

Accordingly, section 234 would require the Secretary of Defense to develop a military communications master plan that would address: the Department of Defense's projected military communications requirements; alternative and innovative ways of meeting those requirements; and methods to ensure that those elements of the Department that create the demand for such communications services are required to have an important role in paying for the services.

The provision also would prohibit the obligation of \$50 million for the Milstar program until the congressional defense committees receive the master plan. The committee expects the Secretary to submit this plan to the congressional defense committees no later than April 15, 1995.

Minuteman squadrons

The budget request included \$151.675 million in PE 101213F for programs designed to extend the operational life of the Minuteman III intercontinental ballistic missile (ICBM) beyond 2020. The committee recommends the amount requested, but directs that none of the funds authorized for project 4210 (Propulsion Replacement Program) may be expended until the Secretary of the Air Force submits a report to the congressional defense committees stating that the Air Force System Acquisition Review Committee has approved a program: to remanufacture solid fuel stages to correct identified age-related degradations; to maintain existing weapon system reliability; to support Minuteman III life extension; and to describe the cost, schedule and performance aspects of that program.

The committee also directs the Secretary of Defense to submit a report to the congressional defense committees on the cost, safety, arms control and operational effectiveness issues associated with equipping some or all of the Minuteman III force with Mark 21 reentry vehicles. The report shall be submitted no later than February 15, 1995.

National launch system

The budget request included \$10.176 million in PE 604408F under the category of engineering manufacturing development (EMD). However, the scope of work described in the accompanying descriptive material did not relate to EMD-type activity. The committee recommends only \$3.976 million of the requested amount for concept and other studies for fleet-wide launch vehicle improvements and upgrades.

Rocket propulsion technology

The budget request included \$31.5 million in PE 602601F, project 1011, for rocket propulsion technology to continue development of advanced propellants, high energy density materials, and orbit transfer and maneuvering technology demonstrations. The committee recommends an addition \$5 million to initiate an integrated high performance rocket propulsion technology program that is similar to the Air Force program for turbine engines. This initiative would involve the Department of Defense, NASA and commercial interests in a joint, cost shared, coordinated research and development effort.

The committee also recommends an additional \$2.5 million for PE 603302F to allow a more robust technology demonstration effort. The \$50.8 million authorized for these programs shall only be used for direct support costs of these technology efforts.

Space launch modernization

The committee notes the Department's continued delay in formulating a space launch modernization plan. The Department appears resigned to accepting increasingly expansive access to space to meet its launch requirements, while the U.S. commercial space launch industry continues to struggle to retain a declining share of the global launch market.

The committee believes that, with the right leadership and management approach, many of the factors contributing to high costs, unresponsiveness in meeting launch requirements, and less than desired system reliability and operability could be ameliorated. The committee believes that the Ballistic Missile Defense Organization's success with both the DC-X technology demonstrator and the Clementine satellite provides evidence of the kind of leadership and management that can again make the United States a leader in space launch vehicle development.

Several factors contribute to the current situation:

(1) No one in charge. At present, no single organization or individual has the responsibility and authority to reconcile the requirements and costs of satellite and space launch. Consequently, payload developers are frequently allowed to establish satellite requirements without sufficient regard to payload size and cost. In addition, responsibility for launch system development and operation is shared among many departments and agencies.

(2) Launch costs. Launch system users often are not required to pay all direct and indirect costs to launch their payloads. Consequently, users do not have the incentive to reduce payload size and complexity. As a result, launch costs are driven by low use-rate, extremely high cost systems such as Titan IV.

(3) The acquisition system. As with most Department programs, proposed launch system programs take a decade or more to develop, having had large program offices, and often fail to achieve inflated claims of program goals.

As the Department marks time, the traditional expendable launch vehicle manufacturers and the space industry entrepreneurs have presented a variety of options for new, upgraded, and "leap-frog" approaches to reducing the costs and improving the reliability and responsiveness of military, civilian, and commercial access to space.

In summary, the space launch acquisition system has numerous shortcomings, but there appears to be readily available options to make significant, affordable improvements in space launch capability. Accordingly, section 211 of the bill would direct the Secretary of Defense to take several actions. First, the Secretary would be required to centralize oversight of DOD launch requirements and other users to preclude inflated requirements from escalating current and future launch costs.

Second, the Secretary would be required to begin and complete a program to replace or consolidate the current fleet of medium and heavy expendable launch vehicles with new or upgraded expendable and

reusable launch vehicles. The committee believes the Secretary should begin a program that will evaluate and select for development industry proposals to either upgrade the Atlas or Delta expendable launch vehicles, or to use other innovative approaches such as the use of upgraded solid rocket motors to provide medium and heavy lift capability.

The committee recommends an additional \$100 million in PE 305119F for this purpose. The committee believes that the Department should also pursue an aggressive technology demonstration program to demonstrate the high return "leap-frog" potential of reusable launch vehicle technologies. The committee recommends an additional \$100 million in PE 603401F for this purpose and recommends the Secretary take advantage of the innovative management team and approach demonstrated in the DC-X program.

Third, the Secretary would be required to encourage and evaluate innovative acquisition, technical, and financing solutions for providing affordable, operable, reliable, and responsive access to space.

The committee notes that it has not received the Space Launch Modernization Plan required by section 213 of the National Defense Authorization Act of 1994 (Public Law 103-160) or the Administration's space launch vehicle policy directive. The committee understands that the draft Space Launch Modernization Plan fails to meet legislative requirements as it does not provide a "plan," milestones, or a "roadmap," for space launch modernization, but is simply a series of options for space launch modernization.

Finally, the committee understands that the Administration is likely to recommend that another executive agency be assigned responsibility for reusable launch vehicles. The committee recognizes the prerogative for such action. The committee, however, intends to authorize funding for a reusable launch vehicle program only if it is executed by the Department of Defense. The committee notes that jointly managed, cost-shared space launch programs have not been models of success.

Thermionic power systems

The budget request included \$26.897 million in PE 602601F, project 8809, for satellite technology. The committee supports thermionic power conversion technology that shows potential for achieving significantly greater conversion efficiencies than current methods. The committee encourages the Air Force to continue development of thermionic bimodal technology for both electrical power and propulsion for spacecraft. The committee recommends an additional \$10 million for this effort.

Threat simulator development

The budget request included \$7 million in PE 604256F for threat simulator development for the real-time electromagnetic digitally controlled analyzer processor (REDCAP) to continue software improvements. The committee recommends an additional \$9 million for a total of \$16 million to complete software upgrades; to transition existing voice and data links and radars to a new computer architecture; to establish common data and modeling baselines for threat integrated air defense systems; and to support B-2 testing.

Trusted RUBIX

The committee recommends an additional \$1.5 million in PE 303140F for continued development of the trusted RUBIX project.

DEFENSE AGENCIES RDT&E

OVERVIEW

The budget request for fiscal year 1995 contained \$9,680.851 million for Defense Agencies RDT&E. The committee recommends authorization of \$9,325.708 million, a decrease of \$355.143 million to the administration request.

The committee recommendations for the fiscal year 1995 Defense Agencies RDT&E program are identified in the table below. Major changes to the Defense Agencies request are discussed following the table.

Offset Folios 149 to 152 Insert here***TABLE GOES HERE***

ITEMS OF SPECIAL INTEREST

Active structural control

Technologies which control active vibration and noise are important to both defense and commercial industrial sectors. The committee continues to support the development of these technologies and recommends an additional \$5 million in the Advanced Structural Control program in PE 603569E.

Advanced concept technology demonstrations

The committee strongly endorses the principles of the Advanced Concept Technology Demonstrations (ACTD), a major new Department of Defense initiative. The ACTD initiative can speed the transition of advanced technologies from the laboratory to the field by including the material user and the military operational user in the development and demonstration of emerging advanced technology. It can also provide improved understanding of the military utility of the technology and can validate operational concepts for the technology's use in the field, and, when appropriate, by fielding the nearly demonstrated capability in limited numbers.

Although past advanced technology demonstrations (such as the Assault Breaker program) have been successful in demonstrating the application of advanced technologies to the solution of military problems, the absence of the military users direct involvement, limited operational understanding, and the inability to leave some residual number of systems operational in the field have resulted in significant delays in the fielding of the demonstrated capability (in systems such as the Army Tactical Missile System (ATACMS) and the Joint Surveillance/Target Attack Radar System (JSTARS)). By breaking the lock step of the traditional acquisition process, the initiative should provide the opportunity to accelerate the development and fielding of new advanced technologies of proven military operational utility.

The committee notes that the majority of the funding for the ACTDs is contained in the individual program elements that support the technologies being considered for demonstration. The committee recommends a reduction of \$25 million in the integrating program element, PE 6093750D. The committee recognizes that the ACTD initiative is new, but believes it must have an understanding of program plan and supporting program elements, of funding for each of the individual ACTDs, and of the allocation of funding from the integrating program element. The committee requests that the Secretary of Defense provide to the congressional defense committees within 60 days of the passage of this Act a report which details the objectives, schedule, supporting program elements and funding for each of the individual ACTDs selected for fiscal year 1995.

Advanced modular cogeneration

In fiscal year 1993, Congress funded research on modular thermophotovoltaics (TPV) by the Advanced Research Projects Agency (ARPA). The committee understands that the Navy is particularly interested in using TPV generators as power sources in unmanned underwater vehicles. In order to develop and test a prototype of a TPV electric generator for use in unmanned underwater vehicles, the committee recommends an additional \$2 million authorization for PE 603226E.

Animal research

The committee continues to be concerned about the use of animals in medical and other defense related research. Based on testimony received by the committee in 1992, which raised disturbing questions about the necessity, ethical propriety, oversight and quality of the military's experiments on animals, the committee directed the Department of Defense Inspector General to conduct a review of DOD live animal research and report on whether the animals used are treated in accordance with the Animal Welfare Act, Department of Defense regulations, and rules of basic humaneness. The committee also directed the Secretary of Defense to submit a comprehensive annual report on animal cost and use programs, including in-depth profiles of animal research conducted at each DOD facility.

The committee has received the first phase of the Inspector General's report, and the first annual report on animal cost and use programs from the Secretary of Defense. The committee notes that the Secretary's report fell short of the committee's goal, which was to provide in-depth profiles of animal research so that Congress and the large numbers of interested constituents could better assess the Department's animal

research programs and activities. The report provided aggregated information under broad categories such as "non-medical RDT&E" without defining those categories.

Accordingly, the committee directs the Secretary of Defense to develop a mechanism for providing Congress and interested constituents with timely information (redacted for public release as necessary to meet classification or proprietary information concerns) about its animal use programs, projects, and activities, both intramural and extramural. Acceptable mechanisms include a database accessible to the public, with information about research goal and justification, cost, procedures, kinds and numbers of animals used, and pain evaluation; or a system to make research protocols readily available for public inspection. The committee further directs that, not later than 180 days after the enactment of this Act, the Secretary of Defense shall submit a report to the Committees on Armed Services of the Senate and House of Representatives on the development and implementation of that mechanism.

The committee notes that the Department of Defense Inspector General found two DOD facilities "not substantially in compliance" with DOD regulations and the Animal Welfare Act. Although the Inspector General identified the items of noncompliance as "procedural weaknesses," the committee notes that they include items critical to ensuring that animal research is appropriate (e.g., training; literature searches for alternatives) and is subject to appropriate oversight (e.g., semiannual inspections; complaint procedures). The committee directs termination of animal research at the non-compliant facilities at the U.S. Army Medical Department Center and School in San Antonio, Texas, and at the U.S. Naval Medical Research Institute Detachment in Lima, Peru until they are accredited by the Animal Association for Accreditation of Laboratory Animal Care (AAALAC).

In the committee report on H.R. 2401, the National Defense Authorization Act for Fiscal Year 1993 (H. Rept. 102-527), the committee noted that it "expects that animal advocates will be appointed as the bona fide community members to the animal care and use committees [IACUCs] at each DOD facility." The DOD Inspector General noted wide variation in the characteristics of the non-affiliated members of IACUCs at DOD facilities. For example, at 9 of the 36 facilities inspected, the non-affiliated member "has a profession that has definite ties to the research industry, such as a research physiologist with another research facility," and at 13 of the facilities, the non-affiliated member is associated with the military installation where the research facility is located.

The committee believes that these professional or installation affiliations negate the intent of the Animal Welfare Act for the non-affiliated member "to provide representation for general community interests in the proper care and treatment of animals." (See section 2143(b)(1)(B) of Title 7, United States Code). The committee again notes its expectation that animal advocates, i.e., persons who have a demonstrated commitment to animal welfare and protection, will be appointed as the bona fide community member of the IACUC at each DOD facility. The committee further expects the Secretary of Defense to report to the Committees on Armed Services of the Senate and House of Representatives on plan to improve community representation on DOD research facility IACUCs, in accordance with this paragraph, not later than 180 days after the enactment of this Act.

The first annual report on animal cost and use programs also highlights a concern previously noted by a General Accounting Office (GAO) report (GAO/NSIAD-91-68) which addressed the inadequacy of searches to avoid unintended duplication of research. The Defense Technical Information Center database is the only database search required for DOD research protocols involving animal research. However, as the GAO noted, a search of the Federal research in progress data bases is necessary to prevent duplication. The committee directs the Secretary to require a search of Federal research in progress data bases before new research is approved.

Finally, the committee notes significant constituent interest in outside oversight of DOD animal research. The committee directs the Comptroller General to review selected DOD animal research programs and activities as a follow-up to earlier studies (GAO/NSIAD-91-68; GAO/HRD-92-30); to identify areas of concern regarding military justification, duplication, and management of DOD animal research; and to make recommendations that will ensure that such research is focused on validated military need, is non-duplicative, and is effectively managed.

The committee reiterates its direction in H.R. 2401, the National Defense Authorization Act for Fiscal Year 1993 (H. Rept. 102-527), that the Secretary establish aggressive programs to replace, reduce and refine current uses of animals.

Automated welding

The Navy has been pursuing at least two major automated welding programs that must be evaluated to establish a priority for future funding. The committee directs the Secretary of the Defense to perform a "run-off" evaluation of the programmable automated welding system (PAWS) and the welding expert manufacturing cell (WELDEXCELL) against the following criteria: (1) real time control; (2) facilitation of computer accessibility by small firms and; (3) ability to weld restricted geometries.

The committee recommends an additional \$2 million in PE 603569E/AS-01. The testing results shall be reported to the congressional defense committees upon completion of the testing in fiscal year 1995.

Ballistic missile defense

OVERVIEW

The budget request contained \$3,253.8 million for the Ballistic Missile Defense Organization (BMDO). This includes \$2,979.9 million for research and development, \$273.4 million for procurement, and \$500,000 for military construction. The committee recommends authorization of \$2,741.3 million for BMDO, comprised of \$2,581.9 million for research and development, \$258.9 million for procurement, and \$500,000 for military construction.

The committee is pleased that the BMDO has made substantial efforts to redirect its programs away from past priorities to conform to the missile defense priorities established by the Bottom-Up Review. As a result, most of BMDO's programs concentrate on theater missile defenses. A limited national missile defense program is authorized to be a hedge against the emergence of a greater long-range missile threat than is now projected.

The committee believes that the theater ballistic missile threat deserves top priority. At the same time, however, the committee believes it is important to characterize this threat accurately. The biggest theater missile threat comes from relatively short-range ballistic missiles. This is understandable because the cost and technical complexity of ballistic missiles increase exponentially as their range increases. The Department maintains that 97 percent of the theater ballistic missile threat is from ballistic missiles with ranges of 1000 kilometers (620 miles) or less. Therefore, the committee believes that defense against these shorter range missiles should be BMDO's top near-term priority within its theater missile defense efforts.

Longer-range missiles are substantially more expensive and difficult to develop, build, and maintain than shorter range missiles. Moreover, longer-range missiles are useful primarily for carrying weapons of mass destruction. It would be militarily counterproductive to spend millions of dollars for individual missiles to deliver-with poor accuracy-the equivalent of two to four 500 pound bombs.

Long range missiles equipped with chemical, biological, or nuclear warheads would indeed impose extremely demanding performance requirements on U.S. missile defense systems. Upper-tier missile defenses should be designed to counter this threat and should seek to provide near-perfect defenses (far in excess of 90 percent success rate). The prospect of just one nuclear-armed missile out of ten getting through missile defenses and detonating in an area where U.S. military personnel were concentrated would have a decidedly chilling effect on public support for U.S. involvement in major regional contingencies. Even successful interceptions of hostile missiles would not necessarily mean protection of our troops from harm. Nuclear-armed missiles can be configured to detonate upon interception. In addition, interception does not necessarily destroy all the chemical or biological agents in a missile warhead.

To date, the Department has not addressed the issue of theater missile defense systems performance standards. Moreover, the BMDO is on the threshold of committing billions of dollars to the production of missile defenses. Consequently, the committee believes performance standards must be squarely faced if public support for theater ballistic missile defense efforts is to be sustained and before acquisition choices are made.

Therefore, the committee directs the Secretary of Defense to provide the congressional defense committees with classified and unclassified assessments of the threat from weapons of mass destruction delivered by theater ballistic missiles. The committee further directs the Secretary to determine the standards of performance BMDO systems are expected to achieve and must be achieved to counter the threats posed longer range missiles of mass destruction. This assessment shall be submitted with the fiscal year 1996 budget request.

The committee notes that for the last ten years, the overall ballistic missile defense program has been exempt from the normal budgetary discipline of funding for specific tasks. The BMD program now has a more stable set of objectives and is a more mature program. Accordingly, the committee has recommended authorizations by specific line item effort (as reflected in this report) and directs the Secretary of Defense in section 231 of the bill to submit future budgets on such a line item basis.

Upper tier theater missile defenses

The committee supports BMDO's upper tier research efforts. The committee believes that both the land-based and ship-based approaches have the potential to make important contributions to theater missile defense efforts. The committee urges the Secretary to take steps to minimize possible duplication of effort between the two approaches and to pursue those technologies that will maximize system performance in terms of lethality and extremely high intercept probability while keeping costs as low as possible.

Accordingly, the committee has recommended authorization of \$495.7 million for the Theater High Altitude Air Defense system (the full amount requested), and \$40 million for sea-based wide area defense (a \$22.25 million increase over the request). The sea-based wide area defense program is also eligible for consideration under the Theater Missile Defense Risk Reduction Fund. These funds should be used to accelerate testing of various concepts and to perform appropriate systems studies.

Lower tier theater missile defenses

The committee is concerned about the inconsistency between the land-based and sea-based lower tier theater missile defense programs. The committee notes that the Extended Range Interceptor (ERINT) missile, recently selected as the interceptor for the PAC-3 system, uses an interception concept known as "hit-to-kill." Under this concept, the interceptor directly hits its target at high speed, rather than coming close and exploding a warhead (called "blast fragmentation") as the Multi-Mode missile does.

The Department has explicitly and emphatically stated that the ERINT missile's "hit-to-kill" technology was the dominating factor in selecting the PAC-3 instead of the Multi-Mode missile. The Army has noted that a blast-fragmentation warhead allows a greater percentage of warhead submunitions and chemical/biological agents to survive intercept and land within targeted areas. The PAC-3 interceptor source selection decision was intensely scrutinized by the Army, the Defense Acquisition Board, and an independent panel of distinguished experts. All three reviews ratified the hit-to-kill concept and the ERINT selection. The committee accepts this judgment and believes that the new hit-to-kill approach is promising, though some level of risk remains (as the review board has pointed out).

The Navy lower tier interceptor utilizes the same, allegedly inferior, blast fragmentation approach that was explicitly and repeatedly rejected as the Army lower tier interceptor. This contradictory acquisition policy raises serious questions about the Navy lower tier option. The committee does not understand the Department's actions on these two programs and has received no satisfactory answers.

In addition, the committee is concerned about the tension between the need for missile-defense equipped ships to remain close to shore to protect shore areas, and the need for these ships to stand off from shore to reduce their exposure to missiles and other shore-based fire. The committee believes that this tension and the warhead lethality issue must be resolved before this multi-billion dollar Navy lower tier program proceeds.

Accordingly, the committee recommends authorization of \$210 million in demonstration-validation research, development, testing and evaluation (RDT&E) to be focussed on selected theater missile defense risk reduction activities: the three lower tier theater ballistic missile approaches (ERINT, Multi Mode, and Navy lower tier interceptors); and the sea-based wide area defense program. The committee directs the Secretary to use ERINT and Multi Mode funds to reduce risk in the PAC-3 program.

Section 233 would prohibit the Secretary of Defense from obligating these funds until 30 days after the Secretary provides the Congressional defense committees with a plan for allocating these funds. However, the Secretary should not obligate more than \$79.5 million for the Navy lower tier effort until the Secretary certifies to the congressional defense committees that a blast fragmentation warhead for a Navy lower tier defense interceptor is superior to a hit-to-kill lower tier warhead.

The committee further directs that funds for the Navy lower tier system should be used to determine the proper warhead lethality approach for this program and the feasibility of adapting the Army lower tier interceptor for use on ships. The committee believes that the primary focus of the Navy lower tier program should be the interception of ballistic missiles and that program alternatives should be evaluated in this light. The committee notes that the Navy has other systems that address air breathing threats. The committee recommends no authorization of funds to begin procurement for the sea-based lower tier system.

Boost-phase interception

The committee notes the Department's recent emphasis on boost-phase interception of theater ballistic missiles. As a general proposition, the committee appreciates the many attractive features of this approach to ballistic missile defense but is puzzled by the Department's approach to the issue. The demanding timelines of boost-phase interception pose major problems to traditional interceptor approaches that would be aggravated by relatively modest offensive countermeasures.

For example, a laser-based approach to boost-phase interception seems to provide a better answer, but lasers capable of maintaining beam focus while traveling long distances through the atmosphere are a formidable technological challenge. Both approaches also raise significant Anti-Ballistic Missile Treaty questions as well. The committee notes that the BMDO is seeking more funding for space-based laser research than it is for atmospheric-based boost-phase interception, priorities with which the committee does not concur.

The Department has not presented the committee with persuasive evidence that the Department's overall priorities in this area are proper. Accordingly, the committee has recommended authorization of \$33.6 million for boost-phase interception RDT&E, a \$27.5 million reduction from the requested level. The committee has also recommended authorization of \$20.5 million for chemical laser research, a \$57.0 million reduction. The committee further recommends that the Secretary use this funding for atmospheric and ground based laser approaches.

National missile defense

As noted above, the committee is in general agreement with the Bottom-Up Review's (BUR) ballistic missile defense priorities. The BUR recommends expenditures for national missile defense of \$400 million per year, and \$200 million per year for the Brilliant Eyes sensor program.

The committee recommends denying the \$120 million request (within the BMDO) for Brilliant Eyes. However, the committee has recommended, in another portion of the bill, \$300 million for the satellite early warning assurance fund, of which \$120 million was derived from the Brilliant Eyes request. The committee recommends giving the BMDO the discretion to fund Brilliant Eyes, and the other alternatives described above, from this account. The committee has recommended authorization of \$400 million in other national missile defense programs as called for by the Bottom-Up Review.

Technology base

In addition to the funding modifications described above, the committee recommends specific changes in the technology base program supporting the Ballistic Missile Defense Organization as detailed in the table below. All other projects within the technology base program are recommended for authorization at the requested levels.

MODIFICATIONS TO BMD TECH BASE PROGRAM

No. and project	Request	Recommended	Change
PE 603216C			
1105 Discrimination	58.1	48.1	(10.0)
1216 NavyUpperTier	17.75	40.0	22.25
1501 Survivability	4.9	3.8	(1.1)
1502 Lethality/Tgt	32.8	26.8	(6.0)
3101 EngineerIntSup	45.6	41.6	(4.0)
3201 ArchStudy	42.2	42.2	(0.0)
3300 T&E Support	163.9	163.9	(0.0)
SUBTOTAL			1.15
PE 603217C			

1101	Passive Sensors	24.5	14.5	(10.0)
1102	Radar	10.0	5.0	(5.0)
1106	SensStdExpt	48.6	38.6	(10.0)
2300	BMC3	56.5	39.5	(17.0)
3300	T&E Suppt	103.1	78.0	(25.1)
1215	BPI	61.1	33.6	(27.5)
1302	ChemLaser	77.5	20.5	(57.0)
1305	ATP/FC	12.5	6.5	(6.0)
3203	Intel Threat	8.1	6.1	(2.0)
3204	Integration	18.3	14.3	(4.0)
3206	Syst Threat	6.9	4.9	(2.0)
4000	Operational Support	48.0	28.0	(20.0)
TOTAL				(185.6)

PE 603218C

4000	MgmtSuppt	215.2	198.8	(16.4)
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Additional matters

Finally, the committee continues to support the joint U.S.-Russian space research effort known as RAMOS (Russian-American Observational Satellites). The effort should have substantial defense and environmental benefits, and should assist in tearing down Cold War barriers. Therefore, the committee recommends that \$10 million be made available for RAMOS within program management agreement (PMA) 1106.

The committee also recommends that by February 1, 1995, and for the next five years, the Director of the Ballistic Missile Defense Organization should provide a report to the congressional defense committees on any contracts or agreements BMDO plans to sign or enter into on a noncompetitive basis with a national laboratory for suborbital launch services in the next fiscal year. The report should include a justification for seeking noncompetitive services, a description of the launch vehicle, and an outline of all costs associated with the launch.

Center for adaptive optics

The committee recommends an additional \$5 million in PE 601103D to complete the university research initiative for the technology transfer of adaptive optics that was started in fiscal year 1993. Adaptive optics, which has been pursued by the Ballistic Missile Defense Organization and the Office of Naval Research, is applicable to research oriented ground based general astronomy. The committee encourages the Secretary to be more expedient in awarding this program.

Central test and evaluation investment program

The committee is aware of an unfunded requirement that would establish a real time data link between the Air Combat Environment Test and Evaluation Facility (ACETEF) and the Realtime Electromagnetic Digitally Controlled Analyzer and Processor (REDCAP) facility. Such a link would provide man-in-the-loop interactions, replacing "canned scenarios," and significantly enhance the validity of test results at both facilities. The committee recommends an additional \$3.5 million in PE 604940D for this purpose.

Cobra ball

The budget request did not include research and development funding for the RC-135 Cobra Ball program. To enhance intelligence support to the warfighter, the committee recommends an additional \$13.646 million in PE 305154D for the infrared Acquisition Array. These enhancements will enable the RC-135 Cobra Ball aircraft to provide a wide spectrum of essential technical data in direct support of nonproliferation objectives, treaty verification, and intelligence requirements that include ensuring a high fidelity theater missile defense data base.

Cooperative DOD/VA medical research

The committee recommends an authorization of \$30 million in PE 603738D for the continuation of the Department of Defense and Department of Veterans Affairs cooperative medical research program. This program supports medical research projects conducted in Department of Veterans Affairs medical centers that are relevant to the DOD's biomedical research mission and to other joint projects.

The committee notes that diabetes is a chronic and often fatal disease affecting more than 13 million Americans; estimates indicate that at least 15 percent of veterans admitted into VA hospitals suffer from diabetes. The Department of Veterans Affairs spends 14 percent of its medical care budget on direct care of patients with diabetes. The committee recommends, as part of the Cooperative DOD/VA Medical Research program, that the two departments consider establishing a public/private partnership for diabetic research, with partial funding from private sources.

The committee notes that there is a serious problem in the diagnosis and treatment of prostate cancer. The committee also notes that artificial neural networks (ANNs), which can recognize very complex patterns in data and information, have the potential to be excellent tools for clinical decision making in prostate cancer, testicular cancer, cardiovascular problems, and many other areas. Demographic data available through the Department of Veterans Affairs would play an important role in extending and validating the application of ANNs to prostate cancer detection and treatment. Therefore, the committee recommends, as part of the Cooperative DOD/VA Medical Research program, that the two departments consider funding continued research in the application of ANNs to the diagnosis and treatment of prostate cancer.

The committee also notes that the DOD and the VA have identified funding in the cooperative program to fund Gulf War Syndrome research activities at the levels authorized in the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160). The committee recommends continued support of an aggressive research program into the causes and treatment of Gulf War Syndrome from the fiscal year 1995 funds authorized for the Cooperative DOD/VA Medical Research program.

The committee notes that Congress initiated the DOD/VA cooperative program in fiscal year 1987 and has continued to authorize it every year. Congress will continue to support this program and is disappointed that the Department has not recognized the value of this cooperative research program and provided the necessary resources in its requests.

The committee directs the Secretary of Defense to report on the annual utilization of these funds since 1987, the current status of DOD/VA medical research with these funds, and the rationale behind the Department's failure to continue a high-level of DOD/VA research in view of the high number of expected veterans that will require specialized attention from the cold war build-up. The Secretary of Defense shall provide the report to the congressional defense committees not later than February 15, 1995.

Coronary angiography

The committee recommends \$2.2 million in PE 603739E for continued research and development of clinical imaging of coronary arteries in Advanced Research Projects Agency (ARPA)'s ongoing coronary angiography program.

Defense airborne reconnaissance program

Battle damage assessment

Of the fiscal year 1995 funds authorized for the Defense Airborne Reconnaissance Program, the committee recommends that \$1.9 million be used to investigate the use of a conventional air launched cruise missile equipped with a low-cost sensor and data link package to provide tactical air forces with real time battle damage assessment (BDA). The investigation should consider the use of a flight demonstration of a T-33 aircraft equipped with an electro-optic (EO) framing camera with forward motion compensation, a solid state recorder, and a joint tactical information distribution system (JTIDS) data link; requirements and cost analysis for adaptation of an AGM-86B cruise missile as a BDA sensor platform; and assessment of the utility of the EO framing camera/JTIDS for manned aircraft applications.

Ground processing systems

The committee is concerned that the Army and the Marine Corps are going separate paths in developing separate imagery processing technologies for the Joint Service Imagery Processing System (JSIPS). The committee is concerned about the potential interoperability problem that could result. The committee realizes that the Defense Airborne Reconnaissance Office (DARO) has not had the opportunity to evaluate the merits of the alternatives to JSIPS being developed by the services and understands that a revised common imagery processing system is under development.

Accordingly, the committee recommends denying the Marine Corps request of \$28.7 million for procurement of a JSIPS alternative. The committee directs that \$8.3 million of the funds authorized for development of the Army alternative be withheld until a DARO-approved plan defining the new JSIPS acquisition strategy has been submitted to the congressional defense committees.

Multispectral imagery

The committee understands that the Department of Defense has retained approximately \$27 million in unobligated fiscal year 1994 funds authorized for space-based multispectral imagery. Subject to appropriation, the committee recommends the authorization of \$10 million of the unobligated fiscal year 1994 funds to continue software and workstation development for the multispectral imagery (MSI) project and to conduct an airborne demonstration using MSI technologies developed within an Air Force special access program that was recently terminated.

Tactical moving target indicator

The committee does not believe that the Army and the Defense Airborne Reconnaissance Office are meeting their responsibilities in providing an adequate replacement for the aging OV-1 MOHAWK reconnaissance, surveillance, and target acquisition aircraft. Recent events on the Korean Peninsula and the MOHAWK's surveillance mission along the Demilitarized Zone heighten these concerns. Of the funds authorized for the Defense Airborne Reconnaissance Program, the committee recommends an authorization of \$15 million to begin developing low cost solutions for a MOHAWK replacement, including the potential lease of commercially available platforms.

Defense experimental program to stimulate competitive research

The committee is pleased that the Department is implementing the defense experimental program to stimulate competitive research (DEPSCoR) and recommends \$20 million to continue this program. The committee is concerned, however, that the Secretary of Defense has not coordinated DOD efforts with the Director of the National Science Foundation, the Director of the Office of Science and Technology Policy and the state-based EPSCoR committees. After the consultation, planning and research activities are underway, the Department should conduct additional merit-based competitions for grants in areas of science, mathematics and engineering important to its mission. Awards should focus on those proposals which strengthen infrastructure, enhance research, and develop human resources. This will assist the EPSCoR states to become more competitive for regular research and training grants. To assure maximum effectiveness and coordination, all program solicitations should be coordinated with the state EPSCoR committees. All awards should be made through those same committees. Substantial weight should be given to the likely impact an award will have on the states overall EPSCoR program.

Defense Nuclear Agency electrothermal gun technology program

In the committee report accompanying H.R. 2401, the National Defense Authorization Action for Fiscal Year 1994 (H. Rept. 103-200), the committee noted that the Navy and the Defense Nuclear Agency would focus on development of electro-thermal technology for naval surface fire support, and that the Army would provide air defense applications and technology support for all electric armament programs.

The committee is aware of the Memorandum of Agreement (MOA) between the Department of the Navy and the Defense Nuclear Agency (DNA) which focuses on the advanced technology demonstration of electric-thermal gun propulsion in a 5-inch naval gun. The committee believes that a necessary step towards the demonstration and development of a practical weapon system is achieving a high degree of repeatability between successive firings which approximates that achieved in conventional guns. The committee understands that the DNA program has achieved promising results in sub-scale firings, but that the results have not been extended to larger caliber guns. The committee believes that demonstration of such

repeatability in larger caliber guns is an essential milestone that must be met before proceeding with the larger scale system demonstration now being considered.

The committee is concerned that, of the \$10 million in DNA funds allocated to the program in fiscal year 1994, \$2 million were directed towards development of a long-range, precision-guided projectile by the DNA. The committee is also concerned that the DNA fiscal year 1995 budget request included \$4 million for this purpose. This DNA activity is outside the scope of the MOA. Moreover, this activity tends to create technical capabilities in the DNA that duplicate capabilities and experience already present in Army and Navy research and development activities. It also duplicates activities contained in the Navy's request for surface/aerospace surveillance and weapons technology (PE 60211N) and dilutes efforts that would be better spent on solving the repeatability issue.

Accordingly, the committee recommends denying the \$4 million in the DNA request in PE 602715H that would be applied toward development and demonstration of a long range, precision-guided projectile.

Electric and hybrid electric vehicle technology

Electric and hybrid vehicle (EHV) technology is one of the innovative propulsion schemes being considered for the next generation of military land vehicles. Therefore, the committee recommends an additional \$10 million in PE 603747E for technology insertion opportunities in the full range of automotive applications. The committee directs a cooperative information exchange between the Army and the Department of Transportation. The Director of the Advanced Research Projects Agency (ARPA) shall include regional state alliances and consortia seeking hybrid vehicle technology for commercial application.

Electronic materials

The Department's research efforts, coupled with the more than three-fold matching funds of industry, have put the United States in a world leadership position in synthetic diamonds. These materials are essential for thermal management of electronic packaging systems and for machine cutting tools.

The committee believes the United States can translate its technical leadership into future market leadership if we can decrease the diamond manufacturing cost by a factor of ten by the 1996 market window. To achieve these goals it becomes crucial that the Advanced Research Projects Agency (ARPA) accelerate its electronic materials program in diamond and other emerging new high thermal conductivity materials, including high thermal conductivity fibers for heat sinks. Accordingly, the committee recommends an additional \$8 million in PE 602712E.

Flat panel display technology

The committee approves of the President's recent initiative in flat panel display technology. The committee recommends an additional \$25 million in PE 602708E to continue the program at the fiscal year 1994 pace.

Fuel cells

The committee continues to support research and development for fuel cells and recommends an additional \$5 million in PE 603226E for further development of the molten carbonate direct fuel cell power plant demonstration.

Gamma-gamma resonance imaging

The committee continues to be interested in gamma-gamma resonance imaging technology for bomb and illegal drug detection. Congress provided funding for this research initiative in both fiscal years 1993 and 1994 and is concerned that the program has not been properly executed by the Department. The committee reiterates its direction contained in the committee report on H.R. 2401, the National Defense Authorization Act for Fiscal Year 1994 (H. Rept. 103-200) that the Advanced Research Projects Agency (ARPA) move forward on this program expeditiously.

The committee directs that all funding, including unobligated prior year funding provided under this program, be used only for the purpose of developing a working prototype of a concealed bomb detection

system, such as a baggage handling system, based on gamma-gamma resonance imaging technology. In order to complete this effort, the committee recommends authorization of \$4.7 million in PE 603226E.

High resolution camera

The committee applauds the Administration's flat panel display initiative and the Advanced Research Projects Agency's (ARPA) advancements in high definition systems. The committee is aware of university advances in high resolution camera development and recommends that ARPA direct \$5 million of the request for high definition systems to consortia efforts involving industry, academic institutions and Federal laboratories for high resolution camera development.

High temperature superconductivity/cryoelectronics

The committee continues to see the benefit of continued application of high temperature superconductivity (HTSC) in the performance of advanced integrated circuit performance. The committee believes the Advanced Research Projects Agency (ARPA) HTSC program should be broadened to develop the complete suite of cryoelectronic technology infrastructure which could impact nearly every commercial and defense application. The committee therefore recommends an additional \$8 million in PE 602712E for this purpose.

Joint tactical unmanned aerial vehicle system

The budget request included \$55.4 million in PE 305154D for the maneuver variant unmanned aerial vehicle (UAV) and ground stations. Congress denied the fiscal year 1994 budget request for this program. The committee continues to believe that insufficient justification exists for yet another UAV and recommends that no funding be provided for the maneuver variant UAV in fiscal year 1995. Therefore the committee recommends only \$13.1 million of the requested amount for down-sized ground stations.

In addition, the committee believes that the Common Automatic Recovery System (CARS) has proven its ability to reduce accidents and is more cost-effective than pilot assisted recovery procedures. Therefore, the committee supports the incorporation of CARS into the Pioneer UAV system and recommends an additional \$7.0 million in PE 305154D for this purpose.

Low probability of intercept communications for special operations forces

The committee recommends an increased authorization of \$500,000 in PE 1160402BB for advanced technology development, testing, and demonstration of a low probability of intercept/low probability of detection radio system for use by special operations forces.

MARITECH

The committee is pleased with the speed in which the Advanced Research projects agency (ARPA) has instituted and taken action on the MARITECH program. The committee believes that the research and development for ship manufacturing also should include technological advancement required in the vendor base of machinery and other end-item components that can contribute higher performance, lower cost products for naval and commercial ships. The committee applauds the Navy for reinvestment program to support MARITECH.

Mercury cadmium telluride

The committee is aware that the Department is testing mercury cadmium telluride (MCT) detectors and notes its superior performance at room temperatures, thus eliminating expensive low temperature environment packages. The committee directs the Secretary of Defense to evaluate past Army, Air Force and Ballistic Missile Defense Organization MCT tests, and to perform additional tests of these detectors for infrared focal plane arrays and other detector applications such as explosive material detection. The Secretary shall report the findings to the congressional defense committees not later than February 1, 1995. The committee recommends adding an additional \$1 million in PE 602712E for this evaluation.

Microballoon technology

The committee recommends continuing the fiscal year 1994 initiative of microballoon technology applications for low observable applications to enhance stealth in military systems. The committee recommends an additional \$4.125 million in PE 602712E.

Multi-functional self aligned gate (MSAG)

The committee is aware of the potential of MSAG developments at the Advanced Research Projects Agency (ARPA). The committee recommends an additional \$16 million in PE 603226E to be used to continue building generic antenna arrays for communications, radar, electronic warfare, and for potential integration of these arrays on unmanned aerial vehicles.

Multi-sensor integration demonstration

The committee recommends an additional \$8 million in PE 603569E to begin a program for development and demonstration of an airborne maritime tactical reconnaissance system that will provide real time, integrated situational awareness of the undersea, sea surface, land, and air environment and threat. The committee expects that the program will investigate and demonstrate the feasibility of transforming a multisensor, multiplatform task into an integrated airborne reconnaissance system. Initial priority should be given to feasibility studies and advanced technology investigations of the sensor/processor subsystems for the undersea, air, sea-surface, and land operational regimes. This should be followed by analyses, technology investigations, and planning that will lead to a potential advanced concept and technology demonstration.

National test facility

The committee is concerned about the full utilization of the supercomputing capabilities of the National Test Facility (NTF) located at Falcon Air Force Base, Colorado. The committee directs the Secretary of Defense to submit a report to the congressional defense committees by January 1, 1995, detailing other DOD functions that could use the NTF's computing capabilities.

Additionally, the committee directs the Comptroller General to submit a report to the congressional defense committees by January 1, 1995, which examines possible uses of the NTF by other agencies. The study should include but not be limited to: (1) leakage; (2) support to the Department of Education through the development of on-line educational software; (3) support to the Department of Health and Human Services through the development of an on-line medical imagery repository; (4) support to the Federal Emergency Management Administration through the development of innovative emergency reaction simulations; and (5) support for the National Oceanic and Atmospheric Administration through climatological modeling.

Non-nuclear materials demilitarization program

The rocket motor demilitarization program was expanded in the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) to investigate environmentally sound underground disposal in existing tunnels at the Nevada test site. The committee recommends an additional \$4.5 million in PE 604704D for completion of this initiative and further recommends an expansion of the demonstration project to include disposal of non-nuclear explosives.

Parallel integrated circuit manufacturing

The committee is convinced that substantial gains can be achieved in integrated circuit manufacturing in terms of performance and price through the management of connectivity (off/on chip interconnects), reduction of defect density in the chip manufacturing process and thermal conductivity improvement (management of heat loads). Factors of ten in circuit performance are projected if methods of parallel manufacturing processes now being considered prove to be successful. This concept addresses the fundamental problem inherent in high off-chip connectivity and the defect density which is aggravated during the multi-layering

manufacturing process. Advanced methods to eliminate layering steps will bring on-chip and off-chip wiring densities into balance in a seamless, homogeneous end-product. This will provide a quantum jump for the semiconductor industry in price/performance output.

Accordingly, the committee recommends an additional \$20 million in 603739E.

Physical security equipment

The budget request included \$21.4 million in PE 603228D for physical security systems. The committee understands that the request originally included an additional \$7.5 million for a mobile detection assessment and response security system. This program demonstrates significant potential savings to the Department by reducing the loss of material and equipment through theft and mismanagement. Accordingly, the committee recommends a total authorization of \$28.9 million.

Projectile detection and cueing

The committee believes there is technology available to solve many of the problems being encountered in conducting both warfare operations and operations other than war. One area of particular interest is the detection and localization of sources for sniper gunfire. The committee recommends an addition of \$2.0 million in PE 603226E to begin an initiative for small arms projectile detection and cueing. The committee notes this initiative as a congressional interest item.

Rapid acquisition of manufactured parts

The budget request included \$6.2 million in PE 603736D for the Rapid Acquisition of Manufactured Parts (RAMP) program. The committee understands that an additional \$11 million will be provided from the Defense Base Operating Fund. The RAMP program has demonstrated great value in applying flexible computer integrated manufacturing and repair technology to the manufacture of mechanical parts, the fabrication and test of printed wiring assemblies, the repair of turbine engine blades and vanes, and related repair activities at Department facilities. The committee supports the Department's request and expects the RAMP program to be funded as requested.

Rewritable optical disk drives

Small form factor rewritable disk drives are recognized for their potential for providing interchangeable and interoperable data bases for the shared view of the battlefield in the Department of Defense battlefield data systems. The committee directs the Secretary of Defense to consider providing supplemental funding for the development of the primary commercial electronics, optics and interface software to enable commercial drive architecture to be used for military as well as civilian purposes. In addition, the committee directs the Secretary of Defense to investigate techniques to further ruggedize the dual-use commercial off-the-shelf (COTS) devices for military use.

Simulation based design

The committee is encouraged by the progress shown in the Advanced Research Projects Agency's (ARPA) simulation based design (SBD) program. This technology has the potential to contribute to the acquisition reform process, particularly as it applies to the acquisition of complex systems. In order to accelerate the application of these emerging technologies to Department of Defense problems, the committee recommends an additional \$15 million in PE 602702E (project TT-03) for ARPA to demonstrate the role of SBD technology in the requirements and acquisition process.

The committee directs the Director of ARPA to address application of advanced simulation technologies as they apply to the derivation of requirements for, and the acquisition of, ships and ship weapon systems. The committee further directs the Director of ARPA to formulate and consummate a memorandum of understanding with the Secretary of the Navy that will assure transition of this work to the Naval Sea Systems Command and other appropriate Navy organizations.

Telemedicine and health technology

The committee is aware of the potential for greatly improving the delivery of military and civilian health care services through telemedicine and other health technologies. The committee believes that the Advanced Research Projects Agency (ARPA) can be a focal point for development and application of telemedicine and other dual-use health technologies.

Accordingly, the committee directs the Secretary of Defense, acting through the Director of ARPA, to convene a working group of Federal health research agencies to explore the potential use of ARPA resources and dual-use technologies to advance the development and application of telemedicine and other health technologies. The Secretary shall report to the Committees on Armed Services of the Senate and House of Representatives on the nature and findings of the working group within six months of enactment of this Act. The committee recommends that \$5 million of PE 602301E be used for this purpose.

Undergraduate centers of excellence

The committee directs the Secretary of Defense to enter into an agreement with the Secretary of Energy to identify and support undergraduate centers of excellence in support of historically black colleges and universities (HBCU) in furtherance of the following goals;

(1) Training of women in environmental, computer and physical science where such activities can be demonstrated to support defense reinvestment and conversion policy objectives;

(2) Improvement of facilities through use of existing funds to support such academic training.

The committee recommends an additional \$10 million be provided in PE 602228D.

LEGISLATIVE PROVISIONS

SECTION 211-SPACE LAUNCH MODERNIZATION

This section would establish policy for modernization of the Department of Defense space launch program. It also would direct the Secretary of Defense to begin several initiatives to recapture U.S. leadership in space launch technology and operations. The Secretary would be required to provide centralized oversight of space launch programs, to encourage the use of commercial practices, to reduce space launch costs, and to enhance coordination between military, civilian and commercial launch developers and users.

SECTION 212-STANDOFF AIR-TO-SURFACE MUNITIONS TECHNOLOGY DEMONSTRATION

This section would authorize \$2 million for the Navy and \$2 million for the Air Force to demonstrate non-developmental technology that would enable the use of a single adaptor kit for certain munitions to give them a near-precision guided capability. The Secretary of Defense would be required to submit a report to the congressional defense committees on the results and cost of the demonstration.

SECTION 213-EXTENSION OF PROHIBITION ON TESTING MID-INFRARED ADVANCED CHEMICAL LASER AGAINST AN OBJECT IN SPACE

This section would prohibit the testing of the Mid-Infrared Advanced Chemical Laser (MIRACL) against an object in space during 1995 unless such testing is specifically authorized by law. For the past several years the Congress has included language in the National Defense Authorization Acts to prohibit the testing of MIRACL against an object in space. The committee believes that the policy implication of such testing should be addressed before actual testing can occur.

SECTION 214-APPLICABILITY OF CERTAIN ELECTRONIC COMBAT SYSTEMS TESTING REQUIREMENTS

This section would amend section 220 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) by limiting the applicability of the section to electronic combat systems whose cost of development and acquisition resulted in their designation at Acquisition Category I systems (major defense acquisition programs).

SECTION 215-ADVANCED SELF PROTECTION JAMMER (ASPJ) PROGRAM

This section would require the Secretary of the Navy to obligate funds appropriated to the Department of Defense for fiscal year 1994 and prior years to carry out logistics support, maintenance, and integration of the Advanced Self Protection Jammer system into the F-14D aircraft.

SECTION 216-ADVANCED LITHOGRAPHY PROGRAM

This section would establish an Advanced Lithography Program to fund goal-oriented research and development in the public and private sectors to help achieve a competitive position for American lithography tool manufacturers. The section would authorize \$100 million for this purpose. This provision would restrict the obligations of certain funds until certain requirements relating to the Semiconductor Technology Council had been met.

SECTION 217-FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS

Current regulations prohibit federally funded research and development centers (FFRDCs) from participating in the government/industry partnerships encouraged by the Technology Reinvestment Project (TRP) and by the Department of Commerce's Advanced Technology Program (ATP). The committee notes that other Federal laboratories should be permitted to joint the partnerships. The committee believes that the FFRDCs contain some of the most talented people in the nation whose skills could be applied for the national good through industrial partnerships.

Accordingly, this provision would permit a FFRDC of the Department of Defense to participate in these government/industry partnerships.

SECTION 218-DEFENSE EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH

This section would establish a Defense Experimental Program to Stimulate Competitive Research (DEPSCoR) as part of the university research programs of the Department of Defense to permit academic institutions in eligible states to establish a more competitive position with respect to the award of Federal research and development funding. Eligible states include those states designated by the Director of the National Science Foundation that historically have received relatively little Federal research and development funding, yet have demonstrated a commitment to develop their research bases and improve science and engineering research and education programs at their universities and colleges.

SECTION 219-DIGITAL BATTLEFIELD PROGRAM

This section would restrict the obligation of certain funds appropriated for the digital battlefield program until the Secretary of the Army takes a number of actions.

SECTION 220-MOBILE OFF-SHORE BASE AND LANDING SHIP QUAY CAUSEWAY PROGRAM

This provision would direct that no funds may be authorized in fiscal year 1995 for research and development of either the Mobile Off-Shore Base or the Landing Ship Quay Causeway. The Secretary of Defense would be prohibited from developing or acquiring a Mobile Off-Shore Base or a Landing Ship Quay Causeway until certain actions are taken.

Since 1992, the Congress has added a total of \$25 million to the Department of Defense budget for studies and analysis associated with the Mobile Off-Shore Base concept. The committee applauds the ingenuity and innovation associated with the concept of the Mobile Off-Shore Base and the Landing Ship Quay Causeway and the application of technology developed for the off-shore oil-drilling industry during the last 40 years to the problems of forward base and logistics-over-the-shore operations in littoral regions. Because funds have already made available for the program and given the relative maturity of the technology, the committee believes that the concepts for the base and the landing ship represent what are essentially engineering efforts that do not require further development of new technology. Consequently, the

committee believes that the project should be transitioned directly from the Advanced Research Projects Agency to the appropriate developing agency if the requirement for the capability is validated.

The committee notes that the potential of the base and the landing ship (estimated at \$1.2 billion for a single Mobile Off-Shore Base composed of six modules) dictates that any program for development of the Mobile Off-Shore Base or the Landing Ship Quay Causeway would be a major defense acquisition program. In accordance with DOD acquisition regulations, such programs must have validated operational requirements and fully funded acquisition plans.

SECTION 231-BALLISTIC MISSILE DEFENSE ORGANIZATION BUDGET PRESENTATION

This provision would require that the amount requested for the Ballistic Missile Defense Organization in any fiscal year would be listed in the budget request by each program element project within that program element, and activity of the BMDO, as well as the total amount requested for the BMDO.

SECTION 232-THEATER MISSILE DEFENSE PROGRAMS

This section would authorize \$40 million to support the aggressive exploration of the Navy Upper Tier Program for Naval Theater Missile Defense. It also would direct the Secretary of Defense to initiate in fiscal year 1995 an accelerated Advanced Concept Technology Demonstration Program to demonstrate the Navy's Block IV Standard Missile with a kick stage rocket motor and the Exoatmospheric Projectile for Theater Missile Defense. The section also would set as the first priority of the Theater Missile Defense capability the deployment of a layered land-based capability consisting of the Patriot Advanced Capability (PAC-3) system and the Theater High-Altitude Area Defense (THAAD) system; and a layered sea-based Theater Missile Defense capability consisting of the Navy Lower Tier theater missile defense program and the Navy Upper Tier theater missile defense program.

SECTION 233-THEATER MISSILE RISK REDUCTION ACTIVITIES

This provision would establish a theater missile defense risk reduction program within the program requested in fiscal year 1995 for the Ballistic Missile Defense Organization (BMDO) and would authorize \$210 million for that purpose. The extended-range interceptor (ERINT), the Multi-Mode Missile, sea-based lower tier systems, and sea-based upper tier systems selected by the BMDO would be eligible for additional funding from this authorization for risk reduction activities.

SECTION 234-MILITARY SATELLITE COMMUNICATIONS

This provision would require the Secretary of Defense to develop a military communications master plan that addresses the projected military communications requirements of the Department of Defense. The provision also would require a number of other actions that are discussed above.

SECTION 235-LIMITATION ON FLIGHT TESTS OF CERTAIN MISSILES

This section would prohibit the Secretary of Defense from conducting a flight test program of theater missile defense interceptors and sensors if an anticipated result of the launch of a missile under that test program would be the release of debris in a land area of the United States outside a designated Department of Defense test range.

SECTION 241-DEFENSE WOMEN'S HEALTH RESEARCH PROGRAM

At a time of women's growing presence and new role in the military, the committee is concerned with the dearth of medical research and study of the unique medical problems relating to female members of the armed forces and other women eligible for medical services from the Department.

In fiscal year 1994, Congress authorized the Secretary of Defense to establish a Defense women's health research center or program for medical research on women's health issues related to service in the armed forces. Congress authorized \$20.0 million and appropriated \$40.0 million in fiscal year 1994 for this purpose.

The Department of Defense has established a tri-service research program with the Army acting as the executive agency for implementation of this research. The committee commends the Department and the U.S. Army Medical Research, Development, Acquisition, and Logistics Command (USAMRDALC) for its development of a strong program that focuses on: epidemiological research and data base development; policies and standards issues; and solutions-oriented research. The committee applauds the Department and the Army for its rapid development of a program that minimizes overhead costs and will, if sustained, add significantly to the quality of life of women servicemembers, add to the readiness of the forces, and add to women's medical care.

This section would authorize \$40.0 million in PE 603002A to continue this program.

TITLE III-OPERATION AND MAINTENANCE

OVERVIEW

The President presented his fiscal year 1995 defense budget as one that will preserve the readiness of the armed forces because of its \$5 billion increase in operation and maintenance (O&M) funding. This increase, however, is financing a heavy defense infrastructure rather than financing greater readiness for our forces. Indeed, much of the growth in the O&M budget request is in inflationary adjustments and revolving fund rate adjustments (mostly to cover prior-year expenses). The increases are not providing funds for greater battlefield safety and effectiveness.

There are important differences between the hollow force of the 1970s and the threat that our current forces may experience the same problems. Indicators of recruit quality, compensation, experience, skill levels, and staffing assure the committee that the services are not as near the "readiness edge" in the personnel area as some have argued.

TOP-HEAVY INFRASTRUCTURE

The committee believes that defense spending priorities are flawed. For example, the Department of Defense has failed to make reductions in infrastructure programs. This causes individual operating units to make reductions in essential areas while support infrastructure continues to absorb more and more of their budgets.

The Bottom-Up Review (BUR) failed to address the infrastructure and readiness issue because it did not make hard decisions about force structure, and roles and missions. The BUR also did not address the readiness versus infrastructure question. The recently released Readiness Task Force report did not address this question either.

The committee believes that the portion of the budget that funds the warfighting capability can and should be cut in proportion to the reductions in force structure. Moreover, to sustain forces at a high state of readiness, funding should be reduced for those aspects of defense spending that are considered as infrastructure or overhead support.

In short, the committee believes that wistful spending cannot be cloaked by characterizing it as readiness-related. U.S. forces continue to maintain a high readiness posture and will not lose this capability under existing funding levels if the Department of Defense makes the right structural changes. But until structural reforms occur, the Department will be forced to fund its costly infrastructure at the expense of the operating tempo and training accounts.

The committee believes that the Department must make reductions in life-cycle operations and support costs a priority of the acquisition system. There is considerable evidence that the "microelectronic era" has the potential to pay big dividends in operation and support (O&S). Consequently, the Department should be prepared to sacrifice marginal improvements in a new system's operational capability for greater O&S savings in maintainability, reliability, and manpower costs. Also, during the early days of acquisition decisionmaking, the Department needs a better assessment of a system's O&S implications.

FORCE READINESS

The committee remains committed to providing the resources needed to ensure the readiness of the armed forces. The committee notes that, despite a proposed \$5 billion increase in spending for operation and maintenance during fiscal year 1995 and despite a 30 percent reduction in force structure, Department

witnesses continued to express grave concern about shortages of funding to support direct combat readiness, equipment, maintenance, facilities, and training.

Commanders and senior noncommissioned officers from all the services testified before the committee about force readiness. Each commander believed that his unit was combat ready. Nevertheless, the committee also received testimony that would suggest that current readiness has already eroded and that future readiness is in real jeopardy if projected operation and maintenance funding levels were reduced below current levels.

For example, one witness testified that an Army unit was only 85 percent manned and another witness stated that an Air Force unit was severely crippled by engine part shortages. A Marine testified that a unit had deployed with only half its equipment and a Navy servicemember stated that the spare parts system showed signs of stress. All the witnesses also expressed great concern about the effects of increasingly intense personnel tempo and about the erosion of benefits and quality of life.

The committee is concerned that the Department of Defense is not attaching the right priorities to defense spending. Accordingly, section 311 of the bill would limit the transfer of authorized funding for operating forces accounts, section 304 of this bill would increase authorized funding for depot maintenance, and section 373 would convert 30,000 non-readiness military positions to Federal civilian positions. The committee believes that these provisions will help correct and address many of the concerns brought to its attention.

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STRATEGIC MOBILITY ENHANCEMENT FUND

Today's strategic mobility capability has weaknesses in rail ammunition containerization, the Ready-Reserve Fleet, airlift and other areas.

MARITIME

The committee believes that the commander, U.S. Transportation Command (TRANSCOM) should carefully review the Maritime Administration's development of a Merchant Marine Reserve program. The commander should ensure that such a program will provide reasonable assurance that all of the Ready-Reserve Fleet ships can be activated within the time lines the Department establishes during its new mobility requirements study. The committee further believes that the Department should review the establishment of the Merchant Marine Reserve program--perhaps within the proposed Ready Mobility Force.

AIRLIFT

The committee notes that core airlift capabilities rely on the aged C-141 fleet and on our ability to entice commercial airlines back into the civil reserve air fleet (CRAF). The committee believes that the commander of TRANSCOM should carefully review three proposals suggested by the General Accounting Office that may help delay the retirement of the C-141s:

- (1) Creating a companion trainer aircraft program;
- (2) Increasing the use of flight simulators; and
- (3) Using KC-10s and KC-135 tanker aircraft, or commercial aircraft whenever possible, for regularly scheduled airlift missions.

The committee recognizes that some start-up costs must be incurred to implement a companion trainer aircraft program and to increase simulator usage. Nevertheless, the committee believes that these concepts can play an important role in helping to extend the useful life of C-141 aircraft until an adequate number of new intertheater airlift aircraft become available.

The committee recognizes that these actions alone will not work without a continued commitment from the Department that it will not fly the peacetime hours "saved" on the C-141s. These hours must be "banked" to protect readiness for future national emergencies.

OVERSEAS BASES

The committee believes that the overseas airlift en route structure must be preserved to maintain global airlift capabilities. Indeed, in some instances the Department must be prepared to spend additional resources to build necessary facilities or to protect investments in en route infrastructure.

The committee finds that additional funds can be wisely applied to a myriad of strategic mobility enhancements. However, because of the interrelationship between the various parts of the DOD transportation system, the committee believes that the commander of TRANSCOM is in the best position to make the necessary tradeoffs among competing high-priority projects.

The committee recommends the establishment of a Strategic Mobility Enhancement Fund and recommends the authorization of \$50 million in fiscal year 1995 for the fund. Out of this fund, the committee directs that \$1 million be made available to the Chairman of the Joint Chiefs of Staff to conduct a mobilization exercise in order to integrate mobilization in the joint commands' exercise scenarios.

The committee further directs that the Strategic Mobility Enhancement Fund may only be expended under the authority of the commander of TRANSCOM for the express purpose of improving strategic mobility readiness. The committee directs that the commander of TRANSCOM shall report on fund expenditures and the planned and/or actual impact on readiness. This reports shall be included in the commander of TRANSCOM's annual status report to the congressional defense committees.

Finally, the committee is concerned about the overlap and duplication among the transportation service components. The committee believes that consolidating the component command headquarters would generate savings that could be better applied to enhance mobility.

FRIENDLY FIRE AND SAFETY TRAINING

An increasing number of deaths and injuries are resulting from friendly fire and training accidents. The General Accounting Office has reported that the services do not identify and investigate all training-related deaths. Moreover, the GAO found that results of investigations are not adequately disseminated in order to train the forces on avoiding mishaps.

Accordingly, the committee recommends \$20 million for both aviation and non-aviation training enhancements; development of improved procedures for training for identification of friend or foe; improvements in internal controls for conducting investigations of fatal training mishaps; and dissemination of lessons learned from accident or friendly fire investigations.

DEPARTMENT OF DEFENSE FINANCIAL MANAGEMENT

Vast resources are entrusted to the Department of Defense. Consequently, it is imperative that the Department have effective financial management and internal control systems. However, report after report by the General Accounting Office, the DOD Inspector General, and the military service audit agencies, have disclosed widespread weaknesses and significant problems with DOD's financial management operations, systems, and controls.

Severe shortcomings in DOD's financial operations preclude accountability over hundreds of billions of dollars. Consequently, decision makers-DOD management, Congress, and OMB-do not have the information needed to run the Department in an efficient and effective manner. Moreover, because the Department does not have adequate financial management systems and internal controls it continues to:

- (1) Overpay contractors hundreds of million of dollars;
- (2) Improperly pay employees, including employees who do not exist;
- (3) Disburse billions of dollars without matching the disbursements to obligations; and
- (4) Have significant problems over accounting for funds in the "M" accounts.

The Department has embarked upon the Defense Business Operations Fund (DBOF) and the Corporate Information Management (CIM) project as the means to correct its long-standing financial problems. These two management initiatives could result in significant savings. The Department, however, has had limited success in implementing these two initiatives. Every dollar the Department wastes due to the ineffective management of its infrastructure, is one less dollar it will have to maintain the readiness of our forces.

The Department acknowledges that financial management complacency has permitted pervasive and harmful weaknesses in DOD financial management operations to continue. The recognition of the problems facing the Department's financial management operations represents a marked change in DOD's management philosophy. However, recognizing that a problem exists does not automatically result in correcting the problem. The Department and Congress must continue to work towards fixing the problems.

WEAK INTERNAL CONTROLS PRECLUDE THE DETECTION OF OVERPAYMENTS AND FRAUDULENT PAYMENTS

In July 1993, the General Accounting Office testified that, in the first six-months of fiscal year 1993, DOD contractors voluntarily returned \$751 million to the Defense Finance and Accounting Service (DFAS) in Columbus. The GAO examined \$392 million of the returns and found that \$305 million, or 78 percent, were contractor overpayments. The GAO also found that DFAS-Columbus overpaid contractors because it either: (1) paid invoices without considering previous progress payments; or (2) made duplicate payments. Other errors, such as government contractual errors, contributed to the overpayment problem.

The GAO found that the vast majority of the overpayments it examined were detected by contractors, rather than by existing DFAS controls. The committee notes that when the government must rely on contractors, rather than on its own controls to detect and collect overpayments, there is a risk that losses will result from undetected, or unreturned overpayments. The DFAS-Columbus collection process did not ensure prompt return of overpayments identified and reported by contractors. In some cases, contractors planned to return overpayments but were told by DFAS to wait until the contracts could be reconciled and demand letters issued.

DFAS's primary method of detecting overpayments is through detailed examination-known as reconciliation-of contracts with known or suspected problems. DFAS-Columbus has assigned about 130 personnel to conduct contract reconciliations. They reconciled 6,619 contracts in fiscal year 1993. In December 1993, however, DFAS-Columbus officials had identified 6,603 "problem" contracts that could not be reconciled. Problem contracts are those contracts where payments exceeded available funds, or contracts with other problems, such as missing payments or other pertinent contractor information.

The committee notes that control breakdowns have also contributed to fraudulent payments. Recent disclosures that a former Military Sealift Command supply officer made \$3 million of false claims illustrates the devastating and costly effects that can result from internal control deficiencies. It is also worth noting that at least three Navy and DOD activities were involved in reviewing and accounting for payments on 108 fraudulent invoices for ship parts that were neither ordered nor delivered. The former supply officer carried out his illegal scheme for almost four years because controls were inadequate. The relatively unsophisticated methods used to perpetrate these frauds demonstrates just how weak DOD's disbursement controls are. More schemes may be ongoing and undetected.

BILLIONS OF DOLLARS OF DISBURSEMENTS CANNOT BE PROPERLY MATCHED TO OBLIGATIONS

Unmatched disbursements represent payments for goods and services which have not been matched with related obligations. The committee notes that unmatched disbursements can have serious consequences. For example, in June 1993 the General Accounting Office reported that, as of December 1992, one of the Navy's primary accounting systems had \$13.6 billion of unmatched disbursements. In July 1993, the Department established a special team to address the DOD-wide problem of unmatched disbursements. The team identified \$41 billion of disbursements within the Department as of March 1993. About \$22 billion were undistributed or non-problem disbursements, and \$19 billion were unmatched or problem disbursements. Reconciliation efforts have reduced the amount of DOD's problem transactions from a Department-wide total of \$19 billion in March 1993 to \$12.6 billion in January 1994.

The committee disagrees with the Department's general characterizations of disbursements. First, the Department does not view undistributed disbursements as a problem because the data needed to make that determination is not available. The committee notes that if disbursements are not promptly distributed to the accountable activity responsible for matching them to an obligation, then they may mislead financial and program managers about the actual value of outstanding obligations and the total amount of expenditures.

Second, DOD's definitions of disbursements does not include all of the various types of disbursements that should have been considered as problem transactions. The GAO's preliminary analysis of how the unmatched or problem transactions were identified and categorized disclosed that billions of dollars of problem transactions were either excluded from the \$41 billion universe of disbursement transactions or inaccurately reported. As a result, the amount of problem transactions was probably significantly higher than both the \$19 billion initially identified by the team and the \$12.6 billion currently reported.

DOD HAS CONTINUING PROBLEMS WITH "M" ACCOUNTS

Due to years of neglect, inadequate systems, and poor management, the Department could not properly implement provisions of the "M" account legislation codified in sections 1406 and 1551 to 1557 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510). For example, the Air Force did not have adequate controls over "M" accounts and could not adequately document hundreds of millions of dollars in budget authority it restored to correct what it characterized as over 30 years of accounting errors. Unfortunately, DOD's problems with accurately accounting for and reporting on its "M" accounts continue.

In February 1994, the General Accounting Office notified the Secretary of Defense that it had identified five DOD "M" accounts that, according to DOD financial reports, may have been overexpended by \$152.7 million as of September 30, 1993. It is worth noting that an expenditure of obligation in excess of an appropriation or fund balance violates the Anti-deficiency Act. The Department has acknowledged that the five "M" accounts may have been overexpended.

Accordingly, the committee directs the Secretary of Defense to provide the congressional defense committees with a comprehensive report on the results of its investigation into the "M" account problem. The report should include the specific causes for the violation, the corrective actions being put in place to ensure that this does not occur in the future, and the identification of the individual(s) accountable for ensuring that such violations do not occur again. The report shall be submitted no later than February 1, 1995.

IMPROPER ARMY PAYROLL PAYMENTS

The General Accounting Office has previously reported that the Army made about \$6 million in unauthorized payroll payments in June 1993. Subsequently, the Defense Finance and Accounting Service (DFAS) estimated that the Army was owed \$7.8 million because of improper military payroll payments, or about 30 percent over the amount initially identified.

The committee believes that the Army and DFAS must cooperate in exercising proper controls in this area. The DFAS has responsibility for processing and accounting for payroll payments, and the Army has responsibility for authorizing and processing personnel actions that provide the basis for payroll payments. This cooperation, however, has not occurred.

DBOF HAS NOT MET OBJECTIVES

The Department of Defense continues to struggle with operating the Defense Business Operations Fund (DBOF) as a business entity. If DBOF is operated in an efficient and effective manner, it can significantly improve DOD operations. However, as the committee and the General Accounting Office have reported over the last several years, the Department has not achieved DBOF's objectives because:

- (1) Policies critical to DBOF operations have not been developed or need to be revised;
- (2) DBOF financial reports are inaccurate; and
- (3) The cost accounting systems are fragmented, costly to maintain, and do not provide the information necessary for managers to better control costs.

DBOF CASH MANAGEMENT PROBLEMS CONTINUE

The Department of Defense estimates that DBOF will collect and disburse about \$77 billion in fiscal year 1995. However, the Department continues to experience difficulties in effectively managing DBOF's cash. For example, DBOF did not have sufficient cash to make a \$3.05 billion transfer directed by section 306 of the National Defense Authorization Act for Fiscal year 1993 (Public Law 102-484). Moreover, Department of Defense Appropriations Act, 1993 (Public Law (102-396) directed the Department to transfer \$5.5 billion from DBOF to the customer accounts. To alleviate this situation, the Department began to advance bill customers in June 1993 for goods and services that had not yet been provided. If the Department had not advance-billed, DBOF would have had a negative \$1.6 billion cash balance on January 31, 1994.

The committee believes that advance billing is more of a stopgap measure than a sound business practice. The Department plans to eliminate the advance billing practice by the end of fiscal year 1995. The committee will hold the Department accountable to this milestone.

DBOF POLICIES STILL NOT DEVELOPED

The Department has not developed the necessary policies to operate DBOF, and this has resulted in budgeting, accounting, and reporting problems. DBOF's financial reports reflect the inconsistent application of policies across the business areas. Also, the lack of procedural guidance contributed to numerous after-the-fact changes and retroactive adjustments to the reports. DBOF's various field activities will need even more detailed procedures to implement these policies. Moreover, a very substantial effort will be needed to train the people who will be implementing the policies.

DBOF FINANCIAL SYSTEMS ARE INADEQUATE

DBOF has 80 disparate, unlinked financial systems and approximately 200 ancillary systems that provide financial data. Accounting data are often incomplete, untimely, and useless. Nevertheless, these data are used to set the prices DBOF will charge its customers. In turn, the prices are used as the basis for establishing customers' budget requests.

Little progress has been made in fixing DBOF's financial systems. The committee is concerned that the Department may make another false start in improving the DBOF systems and the current antiquated systems will continue to be used to account for DBOF resources. Cost data must be accurate for congressional oversight and control over customers' budget requests.

DBOF FINANCIAL REPORTS CONTINUE TO CONTAIN INACCURATE INFORMATION

The General Accounting Office has continued to report that DBOF's financial reports are inaccurate. Further, because the fiscal year 1992 year-end financial statements were incomplete and audit trails were inadequate, the DOD Inspector General could not express an opinion on the fund's financial statements as required by the Chief Financial Officers (CFO) Act.

Profit and loss figures in the accounting and budgeting reports differ. The fund's fiscal year 1993 financial and budget reports show amounts that differ by \$6.1 billion for net operating results. Because the financial and budget reports differ, the committee does not know if DBOF customers' budget requests are accurate.

The GAO believes that the Department must take action in the short-term to improve financial reports and not wait until financial systems are improved because this will take several years. Accordingly, the Department must:

- (1) Exercise more discipline in following and enforcing existing policies and procedures;
- (2) Routinely review and analyze monthly reports to identify inaccuracies; and
- (3) Take the steps needed, such as providing additional guidance to field activities, to correct the identified problems.

The committee is concerned about the continued bookkeeping and reporting problems associated with DBOF operations. For example, the Navy supply management business area reported a profit of \$23.1 billion as of May 1993. This reported profit was over five times greater than the reported revenue of \$4.3 billion and, therefore, in error. If the Department does not undertake the necessary short-term actions, the reports on DBOF operations in fiscal years 1994 and 1995 may be no more reliable than those issued for fiscal years 1992 and 1993.

In sum, a \$77 billion enterprise requires accurate business reports on operating results. These reports should include accurate income statements, balance sheets, and cash flow statements as required by the Chief Financial Officers Act.

DBOF CAPITAL ASSET PROGRAM

When the Defense Business Operations Fund (DBOF) began operating in October 1991, the Department reinstated a procedure wherein capital investments (equipment, minor construction, and management information systems costing more than \$25,000) would be purchased with revolving funds rather than through direct appropriations. The Department funds the cost of these investments by including depreciation expenses in the prices charged to DBOF customers. If the amount of depreciation is not sufficient to fully fund the investment program, the Department adds a surcharge to the price.

This table identifies the actual or expected DBOF capital investment budget for fiscal years 1993 through 1995, along with the amount of the surcharge added each year:

CAPITAL ASSET BUDGETS AND DEPRECIATION SURCHARGES

Fiscal year	Capital asset budget (in billion)	Surcharge (in millions)
1993	\$1.5	\$40.9
1994	1.8	31.5
1995	1.6	446.3
Total	3.9	518.7

The Department's industrial activities used this type of capital investment financing between fiscal year 1983 and 1989 under what was known as the asset capitalization program (ACP). In fiscal year 1990, however, Congress terminated the ACP and began to fund capital equipment through the procurement appropriation. This change, which lasted two fiscal years, was designed to give Congress greater oversight over capital equipment purchases. This was necessary because of significant implementation problems identified by the General Accounting Office, the service audit agencies, and the DOD Inspector General between 1986 and 1990.

The most significant problem identified was the DOD's industrial activities were not complying with procedures for justifying, reviewing, and approving capital projects. As a result, the activities were not adequately analyzing and validating the economic benefits for capital projects and assets were required which were of questionable value to their missions.

Even though Congress allowed the Department to fund capital investment purchases through depreciation charges (beginning in fiscal year 1992), it did so with the understanding that past problems would be resolved. In the committee report on H.R. 2401, the National Defense Authorization Act for Fiscal Year 1994 (H. Rept. 103-200), the committee directed the Comptroller General to identify the extent to which the Department carries out the DBOF capital budget it presents to the Congress. The Comptroller General was also tasked to determine if the capital projects presented in the budget are sufficiently justified and supported by an adequate economic analysis.

The GAO's preliminary results (which were presented in testimony and briefed to the committee in April 1994) show that very little has changed since the days of the ACP. Capital projects are not linked to activities' long-range strategic modernization plans, are not sufficient justified or supported by economic evaluation data, and are not evaluated through a post-investment analysis.

Most disturbing, is that the seven DBOF activities the GAO examined will carry out less than 50 percent of the projects that were included in the fiscal year 1994 capital budget. Fiscal year 1993 experience is even more disturbing. Less than 20 percent of the projects included in the 1993 capital budget will be carried out by the same seven activities. Based on this record, it is clear that the Department has not met its commitment-when DBOF created-to develop a sound capital investment management program.

INFORMATION ON DBOF CAPITAL ASSETS IS NOT ACCURATE

The committee notes that Department of Defense managers are not receiving accurate financial data on the annual \$1.6 billion capital asset program. The monthly financial report does not provide accurate capital asset information on the amount of: (1) revenue earmarked for purchases of capital assets; (2) capital asset obligations; and (3) capital asset outlays. Because the financial information is not accurate, it is extremely difficult, if not impossible, for DOD management and Congress to ascertain if the capital asset program is being executed in accordance with the capital asset budget.

The committee understands that the Department is in the process of developing comprehensive policies and procedures to guide all DBOF activities, including the selection and funding of capital projects. The committee is encouraged by these actions. Nonetheless, the committee remains concerned by the problems that have been identified and about the increases in DOD infrastructure spending. Recognizing that it will be

some time before new policies and procedures are completed and all DBOF activities are thoroughly trained in their use, the committee recommends a reduction in the Department's fiscal year 1995 capital budget from \$1.6 billion to \$1.12 billion.

The fiscal years 1992 and 1993 accounting and budgeting reports show that DBOF business areas only obligated about \$1.8 billion (58 percent) of the \$3.1 billion of the authority provided to them. In addition, the DBOF overview books indicate that the capital asset program is not being executed as intended. The April 1993 DBOF overview book showed a capital asset program of approximately \$2.1 billion for fiscal year 1993. However, the February 1994 overview book indicated that the capital asset program in fiscal year 1993 was \$1.5 billion, or about 71 percent of the planned capital asset expenditures. Further, the fiscal year 1995 capital asset program includes money to be spent: (1) at bases on the base closure list; and (2) for non-mandatory work on ADP systems that may be replaced in the next several years.

The committee expects the Secretary of Defense to take the necessary actions to ensure that the \$1.12 billion authorization is spent on the highest priority DBOF capital investment needs. The committee also expects that the Secretary to decide how to allocate the remaining \$1.22 billion among the services and defense agencies. The reduction will extend to fiscal year 1996 unless the Department convinces the committee that it has gained sufficient control over the DBOF capital budgeting process.

[In millions of dollars]

Service	Reduction
Army	\$60
Navy	190
Air Force	75
DOD	155
Total	480

The committee is also concerned about the lack of oversight it has over the projects identified in the capital budget. In this regard, the committee directs the Secretary, to identify all fiscal year 1995 capital projects (by business area and activity) which have been canceled or deferred and will no longer be carried out in fiscal year 1995. This shall be an exhibit to the fiscal year 1996 capital budget and shall also identify the projects that have been substituted for the canceled and deferred projects, and explain the disposition of remaining funds, if any, resulting from the cancellations or deferrals.

Finally, the Secretary has not established a capital asset subaccount as required by the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484). The Act required that amounts charged for the depreciation of capital assets be credited to the subaccount. Two years is ample time for the Secretary to establish the subaccount. The Secretary's continued resistance to establishing the subaccount could lead Congress to reconsider its position on having the capital asset program in DBOF.

CONGRESSIONAL OVERSIGHT NEEDED OVER DBOF LOSSES

The Department currently estimates that, at the end of fiscal year 1994, DBOF will have approximately \$1.7 billion in accumulated operating losses. If DBOF does indeed incur a loss in fiscal year 1994, this will mark the third consecutive year that DBOF has had an operating loss. To recover these losses, DOD's pricing policies stipulate that prices are to be adjusted to recover prior year losses.

The committee agrees with the General Accounting Office that increasing prices to recover prior losses is inconsistent with a basic tenet of DBOF that prices should reflect the actual cost incurred in providing goods and services. Recovering past losses in this manner distorts DBOF's actual results of operations in a given year, diminishes the incentive for DBOF to operate efficiently, and makes it difficult to evaluate and monitor DBOF's status. In contrast, charging prices that reflect only the cost expected to be incurred for each year will enable the Department and Congress to determine the cost of that year's operations and to measure the performance of DBOF's activities for that period.

The committee is disturbed that the prices DBOF plans to charge its customers in fiscal year 1995 includes \$996 million in fiscal year 1992 losses. Last year, the Department increased the fiscal year 1994 prices that DBOF would charge its customers so that it could eliminate the fiscal year 1992 losses.

Accordingly, the committee recommends a reduction in the O&M authorization of \$996 million and directs the Secretary of Defense to transfer a similar amount in cash from DBOF to the customers' O&M accounts.

[In millions of dollars]	
Service	Reduction
Army	\$81
Navy	690
Air Force	84
DOD	141
Total	996

The committee recognizes that losses can occur and that there may be valid reasons for the losses. In the past, however, the Department has not adequately explained why the losses. For example, as part of the fiscal year 1995 budget presentation, the Department explained why DBOF incurred losses in fiscal year 1993. However, the Department did not explain why there were losses in fiscal year 1992 and offered no explanation for why losses are anticipated for fiscal year 1994. Furthermore, the Department did not explain how some business areas were able to operate at a profit. Such information would be beneficial to the committee during its budget deliberations.

Accordingly, to regain congressional oversight over the operations of DBOF, the committee directs the Secretary of Defense to seek an appropriation to recover prior year losses. The Secretary shall initiate this action as part of the appropriation process commencing with the fiscal year 1996 budget request submitted to Congress.

SOME DBOF MILESTONES NOT MET

The committee recognizes that the Department has made some progress in trying to fix the problems hindering DBOF. The committee also recognizes that the Department has yet to tackle the more difficult task of enhancing DBOF's policies, procedures, financial reports and systems. The September 1993 improvement plan marks the third plan that has been developed for improving the operations of DBOF. The Department has yet to accomplish the prescribed tasks within the established milestone dates. The Department cannot continue to develop elaborate plans that look good on paper, but cannot be successfully implemented.

The General Accounting Office reported that the Department has completed only 18 of the 44 planned tasks covering DBOF's policies, procedures, and systems that were scheduled to be completed by December 31, 1993. The tasks not completed include:

- (1) Developing policy guidance on management headquarters cost, military personnel cost, economic analysis for capital projects, and adjustments to financial reports; and
- (2) Improving the monthly financial report which provides information on revenue, costs, and profit/loss.

It is critical that these tasks be completed on time because many scheduled tasks are contingent upon the prompt completion of earlier tasks.

The following actions within the milestones prescribed by the plan will be important to the Department's progress in resolving DBOF's problems:

- (1) Complete all DBOF policies by December 31, 1994. These policies then need to be implemented in a uniform manner to help ensure that DBOF business areas operate with standard policies and procedures.

- (2) Improve the accuracy of the monthly financial reports that provide information on the profit/loss of each business area by December 31, 1994.

- (3) Select the systems to account for DBOF resources by September 30, 1994, and begin implementing these systems by December 31, 1994. The implementation of these systems, which is a long-term effort, will reduce the number of DBOF systems and serve as the foundation for the implementation of a standard integrated system to improve DBOF's operations. The Department will have to continue to rely on existing systems and reports in the near-term. Consequently, it is imperative that the Department pursue short-term efforts to improve the accuracy and reliability of the financial data.

The committee, as part of its continuing oversight of the Department's efforts to improve the operations of DBOF, will hold the Department accountable for the actions and tasks in the DBOF improvement plan. If

the Department fails to meet the December 31, 1994 milestone date for the three tasks mentioned above, the Secretary of Defense is directed to immediately notify the congressional defense committees of the specific reasons why the milestones were not achieved, what actions are being taken to correct the situation, and the revised milestone dates for the completion of the tasks.

GAO'S CONTINUED OVERSIGHT OF DBOF

Over the past three years, the General Accounting Office has provided invaluable service to the committee in its efforts to monitor and improve the operations of DBOF. The GAO has identified a myriad of problems that the Department must overcome to effectively implement DBOF in a business-like manner. As GAO has pointed out, the Department faces a critical checkpoint in December 1994. According to the Department's improvement plan, it will have: (1) completed all DBOF policies; (2) selected the systems to account for DBOF resources and begin implementing these systems; and (3) improved the accuracy of the monthly financial reports that provide information on the profit/loss of each business area by December 31, 1994.

The committee directs the GAO to monitor and evaluate the Department's progress in meeting the December 31 milestone, and to report to the congressional defense committees not later than March 31, 1995, on DOD's efforts. In performing its evaluation, GAO should pay particular attention to the Department's efforts to enhance its financial management systems. Achieving the fund's objectives hinges on standardized and modernized finance and accounting systems.

CIM INITIATIVE HAS FAILED TO PRODUCE MEANINGFUL RESULTS

The Corporate Information Management (CIM) initiative has been in existence for four years, and thus far DOD's accomplishments have been disappointing. Initiatives of this complexity and magnitude cannot succeed without a well-conceived strategic plan. That plan should clearly articulate a vision, goals, responsibilities, target dates, performance measures and describe how the initiative fits with other organizational priorities. The General Accounting Office stated in 1991 that the Department had to develop an overall strategy for achieving the short-term and long-term CIM goals.

The Department has failed to develop such a comprehensive plan. As a result, no clear or consistent understanding of CIM exists and the initiative has not been effectively implemented. The Department's approach to CIM can be found in a number of documents, including a CIM implementation plan, draft guidance on functional process improvement, and a draft enterprise model for defining and integrating functions. Although the documents contain several aspects of an acceptable strategic plan, including organizational structure and milestones, none represent an overall CIM strategy. They do not relate technical and management improvement efforts to each other.

DOD IS NOT AWARE OF SAVINGS RESULTING FROM CIM

The Department is not currently tracking savings derived from the CIM. The GAO has reported on the difficulty of validating and tracking savings resulting from initiatives, and from tracking other factors such as reduced workloads and changes in force structure. However, without an assessment of costs and benefits, the large scale commitment of DOD resources to CIM is questionable. Furthermore, the committee finds it incomprehensible that the Department spends over \$9 billion annually on automated data processing, but it cannot identify what portion is attributable to CIM.

COMMITTEE CONCERNED ABOUT DOD'S INABILITY TO RESOLVE ITS FINANCIAL MANAGEMENT DIFFICULTIES

The Department has had serious financial management problems for decades. The financial management problems discussed above represent a few of the problems the Department has been facing for years. Correcting this situation will be a daunting and formidable challenge. Strong, sustained support and commitment by the Department's top leadership and managers is imperative.

The Department's recent recognition of its financial management problems is encouraging. However, translating this acknowledgement into needed actions will require not only sustained management commitment, but also the requisite investment in people and systems. Cost awareness and reliable financial

reporting must become ingrained in DOD's management culture. The committee's continuing oversight will play an integral part in helping the Department focus on the critical financial management areas that need improvement. Such oversight will continue to be an essential element in assuring the prompt, effective resolution of the fundamental financial management weaknesses facing the Department of Defense.

DBOF CASH ACCOUNTABILITY

This committee is concerned that, although the Defense Business Operations Fund (DBOF) collects and disburses about \$77 billion each year, the Anti-deficiency Act (section 1341 of title 31, United States Code) is being violated by the Office of the Secretary of Defense (Comptroller), by the military services and by DOD components. Moreover, these entities are not being held accountable for their actions. Because the military services and DOD components manage the DBOF business areas, such as supply management and depot maintenance, these entities must be held accountable for shortages in their respective DBOF business areas.

INFORMATION SYSTEMS

Since 1989, the Department of Defense has had the goal of streamlining its business processes and of standardizing automated systems and data processing. Over the same period, the Department has spent over \$54 billion to maintain and improve its technology infrastructure to attain this goal.

NO DEMONSTRATED RETURN

The Department is requesting \$9.782 billion for fiscal year 1995 for information systems. The committee is concerned that the Department has not achieved the significant service quality improvements, cost savings, and productivity gains that it expected given the large investment made over the last few years. Past and recent internal Department studies have also questioned the return on this investment and have questioned the internal controls in place to manage this investment. Moreover, despite such a huge investment, efforts to improve performance and reduce cost are limited by the lack of information or the poor use of acquired information technology.

In 1993, the Secretary of Defense announced an initiative to accelerate the selection of migratory information systems in an effort to reduce the total number of systems throughout the Department. As of April 1994, this initiative has not progressed as anticipated. Accordingly, the committee requests that the Secretary provide the names of the migratory systems selected by functional/business area; the names of the systems that will be migrated and eliminated; the cost of migration and conversion; and whether or not these migration system selection decisions were based on criteria similar to Department directives on performing a functional economic analysis. The Secretary shall provide this information to the congressional defense committees no later than December 31, 1994.

In 1994, the Department of Defense approved an initiative to develop a series of prototypes to integrate key components of the Defense Information Infrastructure at a limited number of selected sites. This initiative represents a profound change in the practice of providing the technology infrastructure to the Department's users.

In 1994, the Department also established a management structure to accelerate the implementation of migration systems, data standards, and process improvement. This management structure includes an executive board and a corporate management council. The committee is encouraged by the improvement of authority and accountability. This will ensure that senior management provides the oversight and the emphasis that this is an important effort to the Department as well as to the committee.

Based on the absence of plans and the uncertainties identified in internal and external studies, namely the General Accounting Office's, the committee has concerns about the current justification for the information technology budget request. Therefore, the committee recommends a legislative provision (sec. 370) that would provide that not more than \$2.575 billion of the \$3.255 billion requested shall be made available for new development and modernization of automated data processing programs for the Department of Defense. The provision also would prohibit the Secretary of Defense from obligating more than \$2 billion for new development or modernization until the Secretary takes a number of actions.

The Department of Defense is reviewing the management systems for the Defense Business Operations Fund. The budget request included \$83 million for this purpose and for interim systems to support this effort.

The committee recommends that this funding be withheld until it is fully justified by the Defense Finance and Accounting Service and the DOD executive board evaluates this investment.

DEPOT MAINTENANCE AUTOMATED DATA PROCESSING

The Joint Logistics Systems Center (JLSC) has selected its migratory system. Plans include establishing a prototype at Warner-Robins, Georgia without fully implementing the system at Hill Air Force Base in Ogden, Utah.

The committee questions why a migratory system prototype has been selected before a study was conducted to determine the best prototype system. Accordingly, the committee directs the Secretary of Defense to complete a study before any decision to prototype is made. The Secretary is further directed to provide the congressional defense committees with the results of the study.

Finally, the committee directs the Comptroller General to review this study and to provide an opinion as to the soundness of the study's conclusions and the risks associated with any recommendation to proceed. The committee also directs the Secretary to provide the committees with a justification for performing the prototype at Warner-Robins Air Force Base.

MANAGING THE DEPOT MAINTENANCE AND MATERIAL MANAGEMENT CIM

The committee understands that there is a proposal to change the management organization that manages the depot maintenance and material management system. Over \$1 billion has been obligated on three large systems, Requirements Data Base (RDB), Stock Control System (SCS), and Depot Maintenance Management Information System (DMMIS).

The committee recommends that the Secretary of Defense set forth this strategy based on a sound economic justification. This strategy should address the functional requirements of the services prior to the selection and conversion to any migration system. Until these requirements are met for each logistical migration system, the committee recommends withholding the authorization to obligate any new funds.

DEPOT MAINTENANCE ISSUES

OVERVIEW

Over the past several years, there has been a general disagreement between Congress and the Department of Defense about the correct depot maintenance strategy. During the Cold War, there was sufficient workload to sustain the public and private industrial facilities. Now, a drastically reduced force structure has created excess capacity within the depot maintenance system. This has caused industry and the public facilities to compete for the remaining depot workload. Until a depot maintenance policy is formulated, the future of thousands of government and industry workers is at stake. Moreover, the policy will influence the military's ability to support forces in the next crisis.

Congress and the Department have recognized the need to establish an affordable and effective depot maintenance policy, and have taken several steps to develop a depot maintenance strategy. The 1993 Joint Chiefs of Staff (JCS) Depot Maintenance Consolidation Study focused on public sector issues and depot management. The study recommended that all of the military depots should be placed under the management of the JCS. Congress did not agree with this recommendation and created a Task Force on Depot Maintenance Management to examine all issues concerning depot maintenance.

The Task Force recommended changing the requirement in current law that 60 percent of depot maintenance be performed by government depots. Department of Defense officials recently testified that the public sector depots have increased their share of depot maintenance workload from 67 percent in 1990 to 71 percent in 1993. General Accounting Office representatives, however, have testified that these statistics do not accurately portray the level of funding going to the private sector. When the cost of raw materials and parts purchased from the private sector by government depots is included, the GAO noted that at least half of the depot maintenance funding currently goes to the private sector.

The Task Force also endorsed the current DOD definition of core depot capability that must be retained in the public sector. The definition states: "Depot maintenance core is the capability maintained within organic Defense depots to meet readiness and sustainability requirements of the weapons systems that support

the JCS contingency scenario(s)." The committee believes that this core definition is neither quantifiable nor qualitative.

The Task Force also recommended that public-private competition be eliminated in favor of a policy that would transfer workload above core to private industry without having to compete. The GAO testified that the transfer of non-core workload to the private sector could conflict with the longstanding policy of awarding work to the most cost-effective provider.

The Task Force also stated that the service Secretaries' responsibilities that are codified in title 10, United States Code, require depot core requirements along strict service lines. In transmitting the Task Force's report to Congress the Deputy Assistant Secretary of Defense noted that core will be a DOD-wide concept, thus providing greater flexibility and eliminating duplicate resources.

The committee notes, however, that during recent testimony before the committee, the Deputy Under Secretary of Defense (Logistics) referred to the same title 10 responsibilities and suggested that core service depots may be required. The GAO testified that title 10 does not require the retention of workload in a service-specific depot. The GAO noted that a DOD-wide core definition encourages the potential benefits of increased consolidations and interservicing within the DOD depot maintenance system.

After all of these lengthy studies and reports, the committee continues to believe that there is still no acceptable national depot policy that will provide a secure and accountable depot maintenance capability for the future. The committee believes that maintaining the "capability" to perform workload may not be sufficient to sustain the minimum amount of workload that would provide for an adequate military industrial base necessary to support the current threats outlined in the Bottom-Up Review. In addition, without any public/private competition for above core workload, there is no incentive for industry to reduce costs. Further, under the current definition of core, there seems to be no way for Congress to assess if the Department is abiding by its own rules, and no way to protect the public depot maintenance system that Congress considers essential.

The committee strongly believes that before actions are taken that will affect the capability of the United States to quickly and decisively fight and win any future conflicts, we must firmly establish an effective and efficient DOD depot maintenance policy that will ensure success.

REGIONAL MAINTENANCE FACILITIES

The committee believes that the regional maintenance concept being pursued by the Navy has the potential to enhance the capability for meeting immediate needs for equipment and maintenance repair in a more efficient and effective manner.

GUARD AND RESERVE FORCES MAINTENANCE FACILITIES

The committee supports the National Guard Bureau's consideration of establishing regional depot-level maintenance sites. In selecting the location of regional sites, the Secretary of Defense may give preference to proposals that would locate regional equipment maintenance facilities at closed military installations where the economic impact has been recognized by the Department of Defense as particularly severe. The Secretary may also give priority to those proposals where reduction in defense contracts, installation realignments and base closures has contributed to the area's designation as a labor surplus area in excess of the national average. Finally, the committee recommends that the National Guard Bureau solicit proposals from interested state National Guard organizations after the Bureau finishes considering the establishment of regional depot-level maintenance sites.

AUDITING AND INSPECTOR GENERAL ISSUES

OFFICE OF THE INSPECTOR GENERAL

The office of the Department of Defense Inspector General (DODIG) plays a major role in congressional oversight of defense spending. Since the DODIG was created in 1982, it has produced audit savings and criminal restitutions totaling \$14.7 billion. This represents an average 14-to-1 of return. In other words, for each dollar invested in the office of the DODIG, it has produced \$14 in return.

The office of the DODIG has also served as an able and independent source of counsel to senior DOD management and the Congress on various issues. Recent examples are: comments on procurement reform

legislative proposals; reviews and advice on financial management problems and internal controls; reviews and advice on major weapon systems, including the C-17 Globemaster III; and special reviews and investigations when requested, as in the case of the Tailhook investigation and the reinvestigations into the disputed suicides of military service members.

In fiscal year 1994, Congress recognized DODIG's expanded mission and increased its budget by \$10 million above the requested amount. The fiscal year 1995 budget request, however, does not annualize the increase. As a result, the level of audit and investigative efforts that were endorsed and funded by Congress in fiscal year 1994 would be cut back significantly in fiscal year 1995.

Accordingly, the committee recommends an authorization of \$148 million, a \$15 million increase above the requested amount. This would annualize the fiscal year 1994 increase and would provide another \$5 million of additional resources for DODIG audit and investigative functions.

AUDITING

In the committee report on H.R. 2401, the National Defense Authorization Act for Fiscal Year 1994 (H. Rept. 103-200), the committee expressed its support for continuing a robust audit effort. The committee also noted the increased audit responsibilities that have been placed on the DODIG by the Chief Financial Officers Act and noted the migration of various functions from the military departments to defense agencies.

Congressionally requested audits have increased from 16 in fiscal year 1993 to 28 in the first half of fiscal year 1994. The Base Closure and Realignment (BRAC) Act requires the DODIG to review the cost of construction projects at realigning bases when there is significant growth from the cost estimates provided to the BRAC Commission. This requirement, as well as the DODIG's involvement in reviewing the internal controls in the BRAC process, will necessitate a heavy commitment of audit resources in fiscal years 1994 and 1995. These are examples of other workload increases that have been placed on the DODIG:

- (1) 15 auditor workyears to support criminal investigators or Federal government lawyers pursuing litigation;
- (2) The multi-national F-16 improvement project;
- (3) Investigation of Anti-deficiency Act problems; and
- (4) OMB-levied audit requirements on the DODIG relating to value engineering and contractor conflicts of interest.

These increased requirements total about 600 workyears, nearly doubling the 642 workyear level approved in 1989.

In fiscal year 1993 and the first six months of fiscal year 1994, the DODIG auditors identified \$8.9 billion of potential savings to the Department of Defense. Nonetheless, the fiscal year 1995 budget request ignored the committee's actions last year because it cut the DODIG audit billets from 745 to 606, a 19 percent reduction. This would aggravate the severe DOD management problems in crucial areas. Therefore, the committee recommends restoration of staffing to the fiscal year 1994 level approved by Congress.

INVESTIGATIONS

Last year the committee expressed its support for the investigative efforts of the Defense Criminal Investigative Service (DCIS) and recognized its success in procurement fraud and the new responsibilities it assumed as part of the Defense Management Review (DMR). Since 1982, the DCIS has recovered over \$1.6 billion in various investigative areas. In the first half of fiscal year 1994, it recovered \$264 million from penalties, fines and restitutions.

The Defense Information System Agency (DISA) discovered a critical shortfall in DOD investigative capability regarding computer fraud. Currently, the DCIS is setting up an investigative unit which requires specialized computer equipment and software to support these investigations. If the fiscal year 1994 funding level is not continued in fiscal year 1995 and later years, the DCIS efforts in this area will have been wasted.

The committee notes that over the past two years DCIS began a major initiative to investigate allegations of fraud by medical care providers against the Office of Civilian Health and Medical Program for the Uniformed Services (OCHAMPUS). The Department's health care expenditures exceed \$15 billion; OCHAMPUS is responsible for over \$5 billion of this amount.

The investigation of health care fraud is one of the DCIS's top investigative priorities in 1995. The DCIS is an active partner in a nationwide task force to investigate and prosecute health care fraud. Currently, DCIS has over 200 ongoing health care fraud investigations. Since 1982, the DCIS has had over 190 successful prosecutions, and it has recovered over \$116 million in this area.

Two other areas are vulnerable to fraud; contracting relating to hazardous waste disposal and environmental cleanup, especially at closing bases; and the surveying of excess equipment. Over the next decade, it will cost approximately \$24 billion to clean over 10,000 hazardous waste sites at or near defense installations. Given the number of sites, contractors and money involved, the potential for fraud in environmental contracting is significant. In the past three years, the DCIS has initiated over 100 environmental-related investigations. This number continues to grow as DCIS participants in state, local, and Federal task forces.

In these circumstances, the Committee recommends an increase in funding to restore the DCIS investigative staff to the fiscal year 1994 level approved by Congress.

NONCRIMINAL INVESTIGATIONS

A vital and growing part of the Department of Defense Inspector General's (DODIG) mission are noncriminal investigations. Over the years, legislation and DOD directives have made the DODIG responsible for a number of areas. The committee noted last year that the DODIG only has the resources to conduct about 11 percent of the Department's senior civilian and military officer investigations. The committee continues to believe that this is an unacceptable percentage. Therefore, the committee recommends an increase in funding to restore noncriminal investigative staff to the fiscal year 1994 level approved by Congress.

NAVY INSPECTOR GENERAL

The Navy Inspector General (IG) has a critical role in the Navy's accountability and oversight program. The General Accounting Office reviewed complaints filed with the Navy IG and found that in some instances: (1) The investigator was not independent from the accused; (2) the investigator was inadequate; (3) case documentation was incomplete or was missing from the files; (4) the investigation was untimely; and (5) complainant confidentiality was also not maintained.

The Navy Inspector General inspector activities were also inadequate. Periodic inspection requirements for major commands were not met within the three-year inspection cycle. For example, the Atlantic and Pacific fleets have not been inspected since 1980 and 1982, respectively.

To determine the effectiveness of the Air Force and Army Inspectors General organizations, the committee recommends authorization of \$5 million for the Department of Defense Inspector General (DODIG) to conduct concurrent comprehensive reviews of these two activities. The DODIG shall seek assistance from the General Accounting Office on the review objectives, scope, and methodology. The DODIG shall report the results of the reviews to the Congressional defense committee by April 15, 1995.

AUDIT POLICY AND OVERSIGHT

For the year ending September 30, 1993, the DOD audit organizations identified approximately \$31 billion in funds that were either improperly charged to government contracts or could have been put to better use. Auditors identified and assisted the criminal investigators in many of the successful investigations of companies and individuals resulting in recoupment of \$569 million through fines and restitutions. It is essential that these organizations be funded to maintain their current level of resources to ensure that DOD audits continue to be carried out in the most efficient and effective manner.

DEFENSE CONTRACT AUDIT AGENCY FUNDING

The Defense Contract Audit Agency (DCAA) is the primary audit organizations responsible for the direct review of companies performing Department of Defense (DOD) contracts. Actual savings of nearly \$3 billion was realized during fiscal year 1993 from DCAA audits of government contracts. This equates to a \$7 to \$1 return on investment. In fiscal year 1993, the DCAA was also tasked by the Comptroller to audit proposals for depot maintenance at government-owned facilities. DCAA has devoted approximately 15 staff

years to these audits since receiving this tasking. The committee expects DCAA to begin audits of contractors who repair major weapons and equipment.

Because of resource shortfalls, DCAA will be compelled to begin auditing contracts of \$5 million or less under a sampling plan. The sampling plan will result in only about 50 percent of contracts (valued at \$9.8 billion) being audited. This means that \$4.9 billion of contract cost will be accepted without audit at considerable risk to the Department. Based on fiscal year 1993 DCAA experience, it is estimated that \$150 million of unallowable costs may not be recouped at the unaudited contractors.

The DCAA does not have sufficient resources to adequately audit the books and records. The GAO recently reported to the Senate Budget Committee on its re-audit of six small contractors. The GAO found that the DCAA did not identify approximately \$2.0 million in costs billed to the government for such items as trips to tropical resorts, tickets to sports events, luxurious dinners, including liquor and caviar, full-time personal use of company automobiles, running shoes and yacht excursions. In these circumstances, the committee recommends an additional \$10 million authorization for DCAA.

OPERATION AND MAINTENANCE FUNDING ACCOUNTABILITY

USE OF OPERATION AND MAINTENANCE FUNDS

The committee notes a trend within the Department of Defense for managers to use operation and maintenance funding for activities that are more correctly funded from procurement, research and development, and military construction accounts. The committee is concerned that the integrity of the operation and maintenance accounts is routinely compromised.

The committee cites two examples during the past year to support this concern. First, a draft DOD Inspector General report substantiates allegations that the Air Force exceeded the scope of a Tethered Aerostat Radar System (TARS) operation and maintenance contract to inappropriately pursue research and development, procurement, and military construction objectives. Of most concern to the committee is the apparent modification of the contract to allow circumvention of competition requirements and sole source contract procedures to procure an investment equipment item.

Second, the committee was unaware of the total maintenance and repair investment proposed by the Navy for Bancroft Hall at the Naval Academy because the \$192 million project was spread out over eight annual contracts. The committee notes that the total investment in maintenance, repair, and minor construction within individual buildings, warehouses, plants, and other structures and facilities can be difficult to determine when the work is accomplished through a series of projects using operation and maintenance funding.

Accordingly, section 368 would require the Secretary of Defense to review operation and maintenance accounts and to certify that funding is not being used for activities that are more correctly funded through the procurement, research and development, and military construction accounts. The Secretary of Defense also would be directed to report the results of the review along with a certification on or before March 31, 1995.

COMPARATIVE REPORT ON OPERATION AND MAINTENANCE FUNDING

The committee has observed that the Department of Defense has almost no capability to examine operation and maintenance (O&M) expenditures from a historical perspective. The committee believes it would be useful if it could compare O&M spending over time using a common standard and constant dollars. The committee is hopeful that such a method of comparison, when fully integrated into the Department's accounting system, will allow more meaningful assessments of O&M spending and will offer greater confidence that O&M budget requests can sustain military capability and readiness at levels compatible with favorable historical trends.

Therefore, the committee recommends a provision (sec. 369) that would require the Secretary of Defense to establish a method for comparing O&M spending levels from previous years using a common standard and constant dollars. For example, a common standard for comparison could be based on the number of military and civilian employees serving, the number of weapon systems supported, the value of equipment inventory, a combination of such standards, or any other standard as determined by the Secretary. This method should allow comparisons of historical O&M spending beginning with fiscal year 1975. This

section also would require that the Secretary provide a report on the method selected to provide a historical analysis.

TRANSFERS OF OPERATING FORCES FUNDS

The committee recommends a provision (sec. 311) that would require the Secretary of defense to report to the congressional defense committees twice yearly on all transfers in and out of certain DOD operation and maintenance operating accounts. This section also would prohibit the Secretary of defense from transferring any funds appropriated for any fiscal year for these accounts in excess of \$20 million to any other DOD account until after the expiration of 30 days from the date on which the Secretary notifies the congressional defense committees of the transfer and the reasons for the transfer.

The committee recommends this action because of its continuing concern that operating tempo and training funds are being diverted to finance underfunded operations and for other purposes.

UNOBLIGATED FUNDS FROM PRIOR YEARS' OPERATION AND MAINTENANCE APPROPRIATIONS

The committee notes that the level of unobligated funds from prior years' operation and maintenance appropriations have been increasing for the Army, Navy, and the Air Force. The current balance of unobligated funds is \$1.853 billion for the three services.

Accordingly, the committee recommends a reduction in funding for operation and maintenance of \$130.0 million for the Department of the Army, \$80.0 million for the Department of the Navy, \$60.0 million for the Department of the Air Force.

COST COMPARISON STUDIES FOR ADVISORY AND ASSISTANCE SERVICES

The committee recommends a provision (sec. 372) that would require the Secretary of Defense to establish procedures to require DOD managers to conduct a standardized cost comparison analysis of using in-house Federal civilian employees in lieu of private contractors before contracting for advisory and assistance services. The provision also would require the Secretary to publish guidelines on how to exempt certain activities from the cost comparison analysis based on non-cost factors and to establish procedures for review of exempted contracts to ensure they are justified and documented.

The committee notes that the General Accounting Office recently reported on a series of studies conducted by the Departments of Energy and Defense that demonstrated considerable savings could be achieved by having some advisory and assistance services performed by in-house Federal civilian employees in lieu of contracts.

The committee suggests that the cost comparison analysis procedures that would be required by the provision be patterned after the procedures codified in the Cost Comparison Handbook that accompanies Office of Management and Budget Circular A-76. The committee recognizes that the evaluation procedures must also require consideration of non-cost factors to include the quality of service required, availability of Federal employees, the duration and recurring nature of the services needed, and the consistency of workload.

COST GROWTH IN CERTAIN CONTRACTS

The committee recommends a provision (sec. 371) that would require the Department of Defense Inspector General (DODIG) to conduct a review of not less than 20 percent of existing commercial activity contracts, which resulted from a cost comparison study conducted by the Department of Defense under Office of Management and Budget Circular A-76, to determine the extent to which the costs incurred exceed the original negotiated contract. The provision also would authorize \$10 million from the amounts appropriated for operation and maintenance for the purpose of conducting such reviews.

DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL PROGRAMS

CIVILIAN PERSONNEL

The committee remains concerned that the Department of Defense lacks a comprehensive plan for reducing the civilian work force in accordance with the guidelines established in section 371 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484). The Department has effectively used separation incentives to reduce the force and has demonstrated a greater willingness to target reductions to activities with reduced workload. Nevertheless, the committee is concerned that private sector contracts are being used to accomplish work that had previously been done by civilian workers cut from the DOD workforce.

In light of evidence suggesting that contract costs are often subject to sharp increases, the committee questions whether the civilian work force reductions have resulted in a net savings. The committee believes that civilian worker reductions should occur when workloads are reduced and that the need for contracted services should be reduced as well. The committee is also concerned that the Department continues to use salami-slice approaches to force reductions which create grade and skill imbalances within the force.

The committee recommends the following provisions to correct some of the problems just mentioned: Section 375 would create a new program to give private sector employers an incentive to hire and retrain civilian workers subject to force reductions; section 374 would require the use of service contract funds for separation incentive programs; section 372 would require cost comparison studies for contracts for advisory and assistance services; and section 371 would authorize the Department of Defense Inspector General to review contract cost growth.

The committee notes that section 373 would permit the Department of Defense to retain an additional 10,000 civilian employees to fill jobs converted from military to civilian positions. Accordingly, the committee recommends a \$50 million reduction in funding for separation incentive payments.

The committee notes that the Department is projected to reach a civilian end strength of 895,000 by the end of fiscal year 1994. This end strength is 28,000 below the budgeted end strength of 923,000 for fiscal year 1994. The committee is concerned that the increase in average grade within the DOD civilian work force has driven up the Department's labor costs. The average grade of a white-collar worker grew by almost 9 percent from 1987 to 1992 (from GS-8.3 to GS-9.0). The share of workers in supervisory grades (GS-10 to GS-15) increased from 40 percent to 48 percent during the same period.

The committee urges the Secretary of Defense to develop a plan for reducing the level of supervisor grades within the DOD white-collar work force. Accordingly, the committee recommends a \$450 million reduction in funding.

The committee notes that the budget request included nearly \$4.5 billion in funding for private sector contracting. The committee recommends the following reductions in funding for contracts within the appropriate operation and maintenance accounts: \$156 million Army reduction; \$84 million Navy reduction; \$39 million Air Force reduction; and a \$71 million Defense-wide reduction.

The committee believes that host nation financial support for foreign national employees in overseas theaters remains inadequate. Accordingly, the committee recommends a \$100 million reduction in funding for foreign national employee pay.

FEDERAL SERVICE PRIORITY PLACEMENT PROGRAM

The committee is concerned that the services of valuable Federal civilian employees are being lost because the government has no coordinated priority placement program. The Department of Defense is reducing the largest number of civilian employees and it would benefit most from a government-wide program. Nonetheless, all Federal agencies should understand that an effective priority placement program will benefit all employees during the drawdown.

Accordingly, the committee directs the Secretary of Defense, in cooperation with the Director of the Office of Personnel Management, to establish a forum for determining the views of all Federal agencies and negotiating a priority placement program satisfactory to all agencies. The committee also directs the Secretary of Defense to report on the status of efforts to establish a government-wide priority placement program to the Committees on Armed Services of the Senate and the House of Representatives on or before May 15, 1995.

If all Federal agencies have not agreed to a government-wide priority placement program, then the report shall discuss the position of each Federal agency; the rationale for an agency's opposition to a government-wide program; and assess whether all or some Federal agencies can agree on implementation of a program.

INCENTIVE PROGRAMS FOR DEPARTMENT OF DEFENSE EMPLOYEES

The committee recommends a provision (sec. 375) that would require the Secretary of Defense to fund separation incentive programs for DOD civilian employees from those funds authorized and appropriated for service contracts with private sector entities.

The committee believes that separation incentive programs should only be employed when they are needed to meet force reduction requirements that cannot be attained by using traditional attrition and hiring restriction methods. The extreme level of such force reductions should be accompanied by a corresponding reduction in requirements for contracted services.

CONVERTING POSITIONS OF DEPARTMENT OF DEFENSE EMPLOYEES

The committee believes that the Department of Defense could provide greater protection for combat capability and readiness by converting military billets that do not contribute directly to combat readiness to civilian positions. The committee believes that at all levels of command there are a number of military personnel serving in less critical headquarters billets and other nondeployable positions. Given the pressures to preserve as much combat capability as possible during the drawdown, these positions should be converted from military to civilian billets as long as the job requirements can be fulfilled in an effective and cost-efficient manner.

Therefore, the committee had recommended a provision (sec. 373) that would require the Secretary of Defense to convert 10,000 military positions to Federal civilian employee positions each year during fiscal years 1995, 1996 and 1997. The Secretary also would be required to develop a plan for converting military to civilian positions and report such plan to the Committees on Armed Services of the Senate and the House of Representatives on or before March 31, 1995.

ARMY CIVILIAN PERSONNEL MANAGEMENT

For several years, the committee has been questioning the Army's rationale for its civilian personnel reductions. For example, in December 1992 the committee questioned an announced 12,000 person reduction at the Army Materiel Command (AMC). The AMC, however, was unable to explain the rationale for the reductions, how the reductions were to be distributed among subordinate commands, or where workload priorities entered the reductions. The committee found that the reductions appeared to be based on a "spread the pain" formula rather than on a workload priority.

The committee's observations have been verified by the Army Audit Agency (AAA). In a recent report, the AAA found that the AMC did not use workload requirement techniques to determine staffing requirements. As a result, the AMC could not ensure it was operating efficiently or that all employees were properly assigned based on mission requirements. The AAA also found that the AMC based its reductions on funding constraints rather than on workload requirements. When this occurs, high priority work is not done because workforce reductions are necessary to meet budget constraints.

The committee believes that workload and related priorities (derived from mission requirements) are the foundations of deciding staffing and funding needs and that they must be the driving force behind the civilian budget requests submitted to the Congress. Accordingly, the committee directs the Secretary of the Army to carry out the recommendations of the AAA. The Secretary shall report to the congressional defense committees within one year of implementation of the AAA recommendations.

OVERSEAS NONCOMBATANT EVACUATION PLAN AND NON-COMMAND SPONSORED DEPENDENTS

The committee notes the increasing uncertainty in world events and the tendency to resort to violence to resolve disputes between and within nations. The United States must recognize that the risk to families of military service members and DOD civilian employees stationed at overseas locations has not diminished with the end of the Cold War. Greater caution is certainly warranted in the Middle East, Eastern Turkey, and Korea, but it cannot be ruled out for other overseas locations. One complicating factor in this issue is the presence of noncommand sponsored dependents at overseas locations.

Accordingly, the committee directs the Secretary of Defense to establish noncombatant evacuation plans for all overseas locations where non-essential civilians are employed and dependents of military

servicemembers and DOD civilian employees reside. Evacuation plans established under other provisions of law or regulation may be used to satisfy this requirement. Additionally, the committee directs the Secretary to annually validate evacuation plans to ensure that the plans can be executed in a safe and expeditious manner.

The committee also directs the Secretary to evaluate plans based on the worst case threat assessment for each location to determine the risks to noncombatants during the early stages of hostilities. In each case where the threat assessment indicates that the immediate safety of noncombatants cannot be guaranteed prior to evacuation, the Secretary is directed to provide a report outlining the risks involved, an explanation as to why such risks are necessary, and actions being taken to minimize the risks, or, if appropriate, the plan for peacetime evacuation of noncombatants from the location in question. This report shall be submitted to the Committees on Armed Services of the Senate and the House of Representatives at the time the threat assessment is completed.

The committee also directs the Secretary to make an accurate count of non-command sponsored dependents at all overseas locations and to include them in noncombatant evacuation plans. The Secretary is further directed to initiate, through family support centers or through unit commanders if no family support center exists, a counselling program to ensure that non-command sponsored dependents are aware of their status and role in the noncombatant evacuation plan.

The committee also directs the Secretary to establish a program to discourage non-command sponsored dependents from traveling to high-risk overseas locations, as determined by the Secretary, through a program incorporating publicity, counselling, and restricted benefits within the overseas theater. The committee authorizes \$2 million from funds appropriated for operation and maintenance to establish the program.

Finally, the committee directs the Secretary to report on the status of evacuation plans; the status of DOD policy regarding locations assessed to present an immediate threat to noncombatants; the number of non-command sponsored dependents residing overseas; and the status of the program to discourage travel of non-command sponsored dependents to high risk locations. The report is to be submitted to the Committees on Armed Services of the Senate and House of Representatives on or before September 15, 1995.

DEPENDENT SCHOOL PROGRAMS

DEPARTMENT OF DEFENSE DEPENDENT SCHOOL SYSTEM

The committee is disappointed that the Department of Defense Dependent Schools (DODDS) budget for overseas programs has not realized savings that are consistent with the reduction in its program structure in Europe. The committee recognizes that during the drawdown some inefficiencies will occur and that some inefficiencies may become permanent because certain fixed costs cannot be reduced proportionately with program structure. However, the committee notes that there are opportunities to reduce inefficiencies and to improve the ability of DODDS to respond effectively to the drawdown.

The committee has received testimony that suggests the services have not maintained an effective channel of communication with the DODDS management. This communication failure appears to be occurring on two levels: (1) The services are not coordinating overseas unit moves and base closures in sufficient time for DODDS to prepare a plan for the schools involved; and (2) the services are making basing and tour length decisions without considering the impact of those decisions on DODDS.

These communication problems cause schools to become grossly inefficient because they either have too few students and underutilized staff, or because they have overcrowded classrooms and staff shortages that can only be corrected at great expense. Aside from the obvious negative effect on the DODDS budget and staff, military families pay a high price in the quality of their children's education because of this communication breakdown.

Accordingly, the committee directs the Secretary of Defense to study how DODDS officials can be more effectively incorporated into the planning process for overseas unit moves and base closures so that DODDS officials can respond in a timely manner with a coordinated plan for the schools. The Secretary of Defense is further directed to report the results of the study and to describe the changes that will incorporate DODDS into the planning process to the Committees on Armed Services of the Senate and the House of Representatives on or before March 31, 1995.

The committee notes that when the General Accounting Office examined DODDS cost management programs it was confronted with a totally inadequate accounting system. For example, at the end of fiscal

year 1993, DODDS had \$276 million in unmatched disbursements on its books. DODDS management has indicated that a new system is being adopted.

Accordingly, the committee directs the Secretary of Defense to report to the Committee on Armed Services of the Senate and the House of Representatives on the status of implementing the new system, an assessment of the improved management capability the systems will provide, and plans for making further improvements in the future. The report shall be submitted on or before April 1, 1995.

The committee notes that some schools within the DODDS system have large populations of space available students, in some cases over 70 percent of the total student body. The committee believes that DODDS' space available program must be comprehensively examined to ensure that the program is not being abused. The committee understands that the space available program is especially important to individually sponsored dependents, but questions whether DODDS can continue to provide space available education to students during this austere budget era, especially since they do not pay tuition.

Accordingly, the committee directs the Secretary of Defense to conduct a study to determine: the cost of space available students; which space available students do not pay tuition and why; what savings could be realized by reducing the number of space available students; and what is the proper criteria for determining the level of space available opportunity. The Secretary of Defense is directed to report the results of the study and recommend how to manage space available students more cost-effectively to the Committees on Armed Services of the Senate and the House of Representatives on or before March 31, 1995.

The committee notes that there is wide-spread concern about the cost and DODDS' ability to effectively conduct special needs education. The greatly reduced overseas presence appears to have created an opportunity to adjust overseas rotation policy thus virtually eliminating special needs requirements without creating long tour assignment inequities that would damage morale.

Accordingly, the committee directs the Secretary of Defense to conduct a study to determine whether it is feasible and cost-effective to eliminate the requirement for DODDS to conduct special needs education overseas for dependents of military personnel. The study should examine issues such as the savings that can be realized from eliminating special needs education from overseas DODDS schools; the appropriate level of special needs education that should be precluded from overseas locations; the medical and educational expense savings that can be realized from screening military dependents more closely for special needs education requirements; the savings that can be realized from returning families to the continental United States when a special needs requirement has been overlooked during screening or is discovered while overseas; and any difference in responsibility to provide special needs education to dependents of civilian employees.

The Secretary of Defense is directed to report the results of the study and recommend how to manage special needs education more cost-effectively to the Committees on Armed Services of the Senate and the House of Representatives on or before March 31, 1995.

SCHOOL SYSTEMS WITH FEWER THAN 150 STUDENTS

The committee recommends a provision (sec. 353) that would require the Secretary of Defense to examine alternatives to operating a Department of Defense overseas dependent school where less than 150 students are enrolled during the previous school year or are projected to be enrolled at any point during the subsequent school year beginning with the school year that starts in August 1995 and every year thereafter. If the Secretary determines that a school should remain open, the provision would require the services to fund 70 percent of the costs to operate the school. The services' payments would be proportionate to the number of students each service is projected to have in attendance at the school.

The committee believes that the financial assistance the services provide will assist school managers overcome the inefficiencies caused by schools with small student populations and will protect the quality of education programs for military families.

DOMESTIC ELEMENTARY AND SECONDARY SCHOOLS

The committee recommends a provision (sec. 351) that would reauthorize domestic elementary and secondary schools that are operated by the Department of Defense and were formerly known as Section 6 schools. The reauthorization is required because H.R. 6, Improving America's Schools Act of 1994, as passed by the House of Representatives, effectively repeals the authorization provided in title 20, United States Code.

The committee took great care to include language in this provision that would protect the interests of local school boards and that would protect their active participation in the management of schools authorized by this section. This section also would require the Secretary of Defense to coordinate all matters with local school boards. It also would establish a process by which school boards may formally appeal management decisions directly to the Secretary.

PILOT PROGRAM FOR DEPARTMENT OF DEFENSE DOMESTIC ELEMENTARY AND SECONDARY SCHOOLS

The committee recommends a provision (sec. 352) that would require the Secretary of Defense to survey the domestic elementary and secondary schools the Department of Defense operates to determine the requirements for transfer of the schools to local educational agencies (LEA). The Secretary would be required to coordinate the surveys with the LEAs adjacent to the DOD-operated schools and with the parent organizations that represent those with children enrolled in the DOD operated schools.

The section also would require the Secretary of Defense to conduct a pilot program to examine whether domestic schools operated by the Department can be transferred to LEAs.

FEDERALLY IMPACTED SCHOOLS

The committee is concerned about the quality of education programs for military dependents and strongly supports impact aid payments to school districts with large military-connected student populations. The committee believes that local taxpayers should not bear the financial burden of educating the dependents of military members who do not contribute to the local tax base.

Nevertheless, the committee strongly believes that the Department of Education should continue to manage the impact aid program and that it should continue to make payments using funds appropriated for that purpose. The committee believes that requiring the Department of Defense to provide funding for military-connected students would erode military capability and create educational inequities for other federally-connected students.

MORALE, WELFARE AND RECREATION ISSUES

OVERVIEW

The financial outlook of the morale, welfare and recreation (MWR) program appears to be worsening. Exchange stores have experienced declining incomes since 1989. Revenue generated by MWR and appropriated funds (10 percent of MWR funding) is also expected to decline as the drawdown continues.

Exchanges (which include the Army and Air Force Exchange Service (AAFES) and the separate Navy and Marine exchanges) not only provide merchandise and services at reasonable prices to the military community worldwide, but their profits help to defray the cost of other MWR activities. The exchanges also provide services such as uniform sales stores and school lunch programs. These services would otherwise require appropriation funds to operate.

The net income and dividends from AAFES and the Navy/Marine exchanges have declined gradually. The MWR program dividends have decreased from \$340 million (constant fiscal year 1992 dollars) in fiscal year 1989 to \$282 million in fiscal year 1992. Due to the continuing force reduction, the decline may continue. In addition, an August 1993 study by the Logistics Management Institute notes that increasing competition from the private sector has eroded the price advantage that AAFES has traditionally held.

Collectively, the other MWR activities do not produce enough revenue to cover their expenses. The activities that are expected to turn a profit appear to be worse off than the exchanges. Compounding the loss of expected revenue is the additional expected loss in appropriated funds. Because MWR expenses may not fall as quickly as revenues, the gap may widen in the near-term.

Unlike the exchanges, the installation commanders make the decisions on how to spend revenue, dividend, and appropriated funds for the other MWR activities. The mixing of these funds at the installation level makes it difficult to track which moneys are funding which activities. It is also difficult to identify which activities are performing well and which are not.

Another problem has been abuse in the Department's recycling program. Military bases were routinely receiving money from the sale of aircraft, vehicles, and other materials. Department policy, however, specifically prohibits the recycling program from using the proceeds to fund MWR activities.

Additional problems or lack of support may arise when the services allocate appropriated funds differently. For example, in fiscal year 1992 the services provided the following per capita amounts of appropriations to MWR activities:

	Millions
Army	\$523
Air Force	577
Navy	342
Marine Corps	263

These differences illustrate that the Navy and Marine Corps have decided to spend more appropriated funds on mission activities than on MWR activities.

Proposed solutions range from consolidation of all exchanges (as the Army and Air Force have done under AAFES) to merging MWR activities with the exchange system (which the Marine Corps did in 1988, and the Navy is testing at two installations). The Marine Corps merger has resulted in increased revenue, dividends, and cost savings totalling \$4.3 million. The merger has also helped decrease staffing and helped eliminate inefficiencies.

In August 1993, the Logistics Management Institute (LMI) completed a study on revenue-generating MWR activities for the Army and provided four options. The Army is reviewing the options and will recommend a course of action to the MWR Board of Directors. The LMI also recommended that the inactive DOD Strategic MWR Review Board reconvene and provide the Secretary of Defense with recommendations to improve the management and oversight of the MWR programs.

Therefore, the committee requests that the Secretary of Defense report on the review of the management and oversight of the MWR program. The committee also requests that the Secretary develop a coherent plan that can maximize MWR support and the use of decreasing MWR funds. The Secretary shall submit the report and plan to the congressional defense committees by April 15, 1995.

EXCESSIVE ARMY NONAPPROPRIATED CASH

Army installations are holding high levels of nonappropriated fund (NAF) cash balances. On September 30, 1992 the Army had a morale, welfare and recreation (MWR) cash balance of \$458.4 million. On September 30, 1993, the balance was \$385.9 million. The majority of this cash balance (\$310.2 million) is being held at the installation level. The cash itself does not necessarily represent profit; it exists partly because appropriated funds defray a portion of the installation's MWR costs. The Air Force and Navy have already consolidated their cash thereby accelerating the application of cash dividends in the form of program improvements and capital projects.

The cash balance raises several concerns. First, while most of the cash is being held at installations, Army headquarters needs more money to finance centrally managed construction projects. Second, without central control, individual installations can obligate funds for capital improvements and construction projects that are not affordable or good investments. Third, installations may hold unnecessarily high balances to earn interest rather than to distribute the money to individual MWR activities. Fourth, commanders are tempted to apply excess cash to offset operation and maintenance shortfalls in legitimate appropriated fund areas.

The committee has already directed that the Army's large NAF cash reserves be consolidated in order to develop and execute a coherent plan for the expenditure of these funds and to place the Army MWR program in a reasonable cash position. The Army developed a financial plan to reduce NAF cash balances by reducing the amount of revenue that is distributed to installations and by imposing financial standards to improve business management. Nonetheless, the Army still has a large cash balance, consolidation of funds is not evident, and the mechanism for prioritization and application still does not exist.

RECOVERY OF EXCESS TRANSIENT LODGING SERVICE CHARGES

The committee is concerned about the Army's continued refusal to reimburse prior years overcharges to soldiers using transient lodging. The committee has repeatedly urged the Army's Morale, Welfare, and

Recreation (MWR) fund to reimburse these overcharges to the Army's operation and maintenance accounts in order to improve transient lodging facilities. The committee notes that the Army has ignored congressional guidance and has not repaid the overcharges.

Accordingly, the committee directs the Secretary of the Army to transfer \$65 million from installation nonappropriated MWR funds to Army operation and maintenance accounts for the purpose of performing maintenance and repair on barracks. The Secretary shall develop a priority list of barracks requiring maintenance and repair and distribute the funds to the barracks with the greatest need for maintenance and repair. The Secretary shall ensure that the barracks located in the Republic of Korea are included in the review.

EXTENSION OF CREDIT BY MILITARY EXCHANGES

The military exchanges have extended credit to servicemembers as part of a "deferred payment program." In April 1994, the Army and Air Force Exchange Service (AAFES) borrowed approximately \$600 million to finance a portion of the deferred payment plan. Another \$518 million is funded from internal sources, including \$219 million from unidentified sinking funds. The leverages AAFES in the amount of \$1.11 billion. AAFES has a \$1.724 billion credit agreement with commercial lenders for committed and uncommitted lines of credit. Meanwhile, Navy exchanges have nearly \$120 million in extended credit.

The committee is concerned that the deferred payment program is causing the exchanges' assets and earnings to become too leveraged. The committee believes that this is an unacceptable risk that could jeopardize the current arrangement where the exchanges function as a military cooperative. This has implications for dividend disbursements to the morale, welfare and recreation (MWR) programs.

Accordingly, the committee directs the Secretary of Defense to report to the congressional defense committees on credit requirements or the actions that can be taken to ensure that servicemembers are not overextended; the extent to which internal funds are being used to finance the deferred payment program; the sources of these internal funds; the amount of funds borrowed from commercial lenders; and the advantages and disadvantages of having the exchanges issue their own commercial paper to finance purchases made by servicemembers. The report shall be submitted no later than December 31, 1994.

STARS AND STRIPES

The committee recommends an authorization of \$12.1 million for the Washington Headquarters Services to support the Stars and Stripes newspapers. Funding the newspapers with appropriated funds will provide better data on the cost of providing this medium to U.S. forces. The morale, welfare and recreation (MWR) program will realize earnings from the transfer of bookstore operations from the Stars and Stripes to the exchanges. Consequently, the committee recommends a \$12.1 million reduction in the MWR budget in anticipation of the receipt of these nonappropriated fund offsets.

The committee expects the military exchanges to purchase only an inventory for the bookstores that it can sell. Moreover, the committee expects the military exchanges to purchase only those facilities and capital items for the bookstores that can be used in conducting that business. These asset purchases should be spread over a period that will not exceed five years. The committee also expects the military exchanges to hire only those employees that are needed for the normal operation of the bookstores, and that the exchange severance obligation be only for those employees who are offered and accept employment with the exchanges. Finally, the committee expects, based on information received from the exchange services, that the minimum customer discount will be 10 to 25 percent for best seller hardbacks.

The statement of managers accompanying the Conference Report on the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357) requested that the Department of Defense report on alternatives to providing news for personnel stationed overseas. The committee is encouraged by the Department's efforts to explore technology that can electronically transmit the Stars and Stripes to remote locations, including ships at sea.

The committee has reviewed the report of the Institute for Defense Analyses (IDA) on its assessment of whether the Stars and Stripes can be electronically transmitted. Electronic transmission is available in many forms at considerably reduced tariffs, and technology has evolved to the point where this option is becoming increasingly attractive. Moreover, the IDA study was performed when circulation of the European Stars and Stripes was 140,000. The circulation is now 56,000 and decreasing with force structure. The committee agrees with the findings of this report, and directs the Secretary of Defense to:

(1) Conduct a demonstration project for the electronic transmission of the newspaper to a selected military population center such as the United Kingdom, Italy, or Korea; and

(2) Develop a standby plan for consolidation of newspaper editorial operations in the United States and a plan for satellite transmission to overseas areas in the event force structure, technology, or budget restraints demand this action. Capital expenditures should be undertaken considering the possibility that this option will have to be executed.

The committee will continue to work with the Department of Defense to ensure that technology (including commercial outsourcing) is used to ensure the provision of news to servicemembers in light of force structure reductions, budget restraints, and mobilizations to remote areas.

EXCHANGE DISTRIBUTION

The committee directs the Secretary of Defense to report on the economic analysis employed by the military exchanges for the distribution of alcoholic beverages in comparison to using commercial suppliers. The results of this review should be audited by a certified public accounting firm and provided to the Committees on Armed Services of the Senate and House of Representatives by April 15, 1995.

SHIPS' STORES

The National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) directed that ship stores be converted to nonappropriated fund instrumentalities. The committee has learned that this provision may impact the prices at these stores.

Accordingly, section 378 would delay the effective date for conversion of these stores to nonappropriated fund instrumentalities. The committee also requests the Department of Defense Inspector General to provide, by April 15, 1995, a report on the impact of the decision on sailors.

COMMISSARIES

The committee believes that military commissaries are an important non-pay compensation benefit. The Department has a number of cost-saving initiatives underway that will effect the level of benefits provided. The Committee is concerned about some of these initiatives. Accordingly, the committee directs that:

(1) No commissaries are to be closed at a non-closing base without notifying Congress 90 days in advance of the proposed closure date;

(2) No major product category can be deleted from the stock assortment without notifying Congress 90 days in advance; and

(3) No adjustments can be made to the types of expenditures made by surcharge funds without notifying Congress 90 days in advance.

Additionally, the Secretaries of the military departments should ensure that revenues from surcharges are used only for: construction, including repair and maintenance; purchase and maintenance of equipment; purchase of supplies; utilities in the United States; and shrinkage.

The committee requests that the Secretary of Defense provide a report on the proposed Defense Commissary Agency reorganization strategy and other initiatives to reduce costs, especially those having an impact on the commissary benefit. The Secretary should submit this report to the congressional defense committees by March 15, 1995.

SYSTEMS TECHNOLOGY DEMONSTRATION

Automatic checkout machine technology can cut commissary costs. Accordingly, the committee recommends \$3 million for a test of existing technology in military commissaries. Equipment should be procured from commercial vendors, be used in private sector stores, be theft resistant, and be able to process bar-coded and non-bar-coded items.

NONAPPROPRIATED FUND HEALTH BENEFITS

There are approximately 180,000 nonappropriated fund (NAF) employees in the Department of Defense who work in NAF instrumentalities (NAFI) in support of the military morale, welfare and recreation (MWR)

program. In accordance with section 2105(c), title 5, United States Code, NAF employees are not Federal employees for purposes of most laws administered by the U.S. Office of Personnel Management. Consequently, they are excluded from civil service employee benefit programs, including the Federal Employee Health Benefit Program.

From 1942 to 1972 each NAFI established a health plan for its employees. The Army, Navy (Navy Exchange Service Command, Bureau of Naval Personnel and Marine Corps), Air Force, and the Army and Air Force Exchange Service each offer comprehensive health insurance coverage, including health maintenance organizations and preferred provider options. These plans have major differences in provisions and premium contribution rates and this is inconsistent with the national effort toward universal health care coverage. Accordingly, section 376 would require the Secretary of Defense to provide for a single, uniform program for nonappropriated fund employees.

ARMED FORCES RETIREMENT HOMES

The committee is pleased with the progress the Armed Forces Retirement Home Board has made since instituting the major changes mandated by Title XV of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510). Be that as it may, the board has notified the committee that the Homes face severe funding problems in the future. The projected funding shortfalls are directly related to the Department of Defense drawdown. Although the 50 cent monthly contributions by service members continue, total revenues have dropped commensurate with force structure reductions. User fee assessments are not sufficient to maintain the homes either. In fiscal year 1993 the trust fund balance was \$169.7 million. The current projection of the balance for fiscal year 2001 is \$5.4 million.

The committee is aware of a proposal to increase the monthly deduction for all active duty enlisted members, warrant officers, and limited duty officers from 50 cents to \$2.00 per month. This could be applied immediately or over a three-year period. The committee has determined, however, that at this time and immediate increase of the deduction is premature.

The committee believes that other proposals and alternate methods of operations need to be considered. Concerning the user fees paid by the residents of the homes, the committee believes an adjustment should be made. Therefore, section 361 would increase the user fees to 40 percent of all income for dormitory residents and increase to 65 percent of all income for permanent health care (assisted living) residents effective October 1, 1995. These increases are consistent, but still below, fees charged for similar services in the private sector.

The committee urges the Secretary of Defense to provide current information about the retirement homes to all servicemembers; to conduct sensing sessions on the future of these homes; and to provide any results to the committee.

The committee notes that the homes are not filled to capacity despite the low cost and the relaxation of eligibility criteria over the years. State-of-the-art gerontology practices show that an independent lifestyle environment is healthier for elderly people. The current configuration and structures at the homes are not compatible with this philosophy, however. Additionally, the U.S. Soldiers' and Airmen's Home is located near high-crime areas and in a less than ideal climate.

In these circumstances, the committee believes the board should consider that, prior to future major capital improvements, funds be used to construct more suitable facilities in a more moderate climate. The board should also consider leasing some facilities in Washington, D.C. in order to use the existing physical plant and medical facilities in the Washington area. Increases in contributions and user fees may be more acceptable if more attractive facilities are planned or offered.

Accordingly, the committee directs the Board not to make any capital improvements until it completes a thorough study on the relocation, reconfiguration, and funding alternatives the Board may feel appropriate. The board shall submit the report to the congressional defense committees no later than April 15, 1995.

FUNDS FOR RECRUITMENT AND ADVERTISING

The committee has heard compelling testimony from Department of Defense and service witnesses that the armed forces are experiencing difficulty in meeting recruiting objectives. If left unchecked, these trends will ultimately require the services to access lower quality recruits than those that fueled the resurgence of the armed forces in the 1980s.

Current recruiting problems are caused by a combination of factors including: (1) increasingly favorable job markets in the private sector; (2) lower numbers in the recruitable population; (3) decreasing propensity to enlist among eligible youth; and (4) accession requirements that are increasing to force sustainment levels as the services approach the end of the drawdown.

The committee believes that recruit quality cannot degrade to a point where readiness is placed in jeopardy as it was in the late 1970s. The committee recognizes, and would caution others to take note, that the armed forces must access new recruits on a continuous basis, even in the midst of major force reductions. The military is a closed personnel system, i.e., experienced quality leaders must be developed and groomed over time to fill positions at all levels of command. Stopping accessions for any period denies the services the opportunity to grow the enlisted and officer leaders that are essential to victory in battle.

The recruiting environment is very difficult to predict because it is dependent on the private sector job market and on public perceptions which are subject to rapid change. The services provided the committee with upgraded estimates of their recruiting O&M and advertising requirements for fiscal year 1995. The committee supports this reassessment of funding needs for fiscal year 1995 and recommends authorization of the increases indicated below:

RECRUITING AND ADVERTISING BUDGETS-FISCAL YEAR 1995 REQUEST
[In millions of dollars]

Service and type of account	1995 Req	1995 PB	Proposed increase
Air Force:			
Recruiting O&M	34.7	34.7	-
Advertising	8.1	7.2	.9
Total	42.8	41.9	.9
Army:			
Recruiting O&M	151.0	129.0	22.0
Advertising	55.0	40.5	14.5
Total	206.0	169.5	36.5
Navy:			
Recruiting O&M	78.2	71.7	6.5
Advertising	37.4	18.2	19.2
Total	115.6	89.9	25.7
USMC:			
Recruiting O&M	46.8	44.5	2.3
Advertising	11.9	10.1	1.8
Total	58.7	54.6	4.1
Total:			
Recruiting O&M	310.7	279.9	30.8
Advertising	112.4	76.0	36.4

Total	423.1	355.9	67.2
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SPACE PROGRAMS

U.S. SPACE COMMAND

In January 1994, the U.S. Space Command issued a roles and missions study which discussed the possibility of consolidating the Air Force and Navy satellite control networks. The report stated the command is performing a more detailed analysis to determine the merits of this proposal.

Accordingly, the committee recommends that \$50 million in operation and maintenance funding be authorized, but restricted from obligation, until the U.S. Space Command completes its satellite control study.

SPACE TRAINING

The committee is concerned that the services' space programs are not engaging in a joint effort to support warfighters. The Air Force Space Command (with its planned Space Warfare Center), Naval Space Command (with its Space Support Teams), and the Army Space Command (with its Space Exploitation and Demonstration program) represent a stovepipe approach to the application of space to warfighting space applications. These efforts could be integrated into the U.S. Space Command's Theater Space Support Team effort to more effectively support unified and component combatant commands.

Accordingly, the committee requests the Secretary of Defense to report on the cost associated with the individual services' space training efforts for fiscal years 1996-2000; how these efforts could be consolidated to efficiently meet the needs of joint warfighters; and the cost savings that could be achieved from consolidation.

SPACE LAUNCH INFRASTRUCTURE INVESTMENT PLAN

The infrastructure at Cape Canaveral Air Force Station and Vandenberg Air Force Base is in need of repair. The Air Force's Space Launch Infrastructure Investment Plan originally identified requirements for over \$2 billion in improvements. However, that plan is obsolete because it was based on the assumption that a new launch vehicle would become operational in 2004—a decision that has yet to be made.

The committee is interested in ways to increase the efficiency of launch operations without making high-cost infrastructure investments. The committee requests the Secretary of Defense to identify such efficiencies, in conjunction with the Space Launch Modernization Study, and report the findings.

INCONSISTENT CHARGES TO COMMERCIAL USERS

The Air Force is using inconsistent practices to charge commercial users of national launch facilities. The Air Force and the National Aeronautical and Space Administration (NASA) have different views on how to interpret the regulations on direct costs for billing purposes. To ensure correct and uniform application of charges, the committee requests the Air Force to assess this problem in conjunction with NASA. This assessment should be provided to the committee by April 1, 1995.

COOPERATIVE THREAT REDUCTION

REQUIREMENTS AND PLANNING

The Department of Defense plans to budget \$400 million annually through the end of the century for cooperative threat reduction (CTR) projects. However, CTR officials have yet to estimate the resources needed to achieve CTR objectives and have not prepared a multiyear plan to guide the allocation of CTR funds among competing demands. As a result, the Department's annual CTR budget appears to be based largely on the "traditional" funding level established by Congress in the past, rather than on a careful study of specific requirements.

When Congress initiated the CTR program it established a precedent of allocating \$400 million annually. The time has come, however, for the program to develop an annual budget request that reflects a thought-out multiyear strategy for achieving CTR objectives and that incorporates an understanding of total requirements. The committee recognizes that such a multiyear plan will be complex. The committee also recognizes that the plan will require periodic revision to reflect changing conditions and priorities.

The committee directs the Secretary of Defense, as a condition of continued CTR funding, to prepare an estimate of the total CTR requirements and to prepare a multiyear plan to guide the use of CTR funds and resources. The committee also directs the Secretary to prepare an annual budget submission over the span of the CTR program.

CTR BURDENSARING

U.S. allies currently plan to provide far less—about \$200 million less—than the United States to help accomplish CTR objectives in the former Soviet Union. The fact that lessening the threat posed by the former Soviet arsenal will benefit all Western nations suggests that the United States has taken on a disproportionately large share of this burden.

The committee believes that the United States should make a concerted effort to ensure that U.S. allies are increasing their levels of support for activities that will help accomplish CTR objectives.

AUDITS AND EXAMINATIONS

A substantial amount of U.S. equipment and other assistance has been delivered under the auspices of the cooperative threat reduction program. The committee notes, however, that the United States has yet to conduct an audit or inspection to ensure U.S. CTR aid is fully accounted for and is being used for its intended purposes.

Accordingly, the committee directs the Secretary of Defense, as a condition of continued CTR funding, to undertake such audits and inspections and to report to the congressional defense committees on these efforts. The Comptroller General shall review the Secretary's report and make any recommendations the Comptroller General deems appropriate.

The committee also is concerned about indications that officials of Russia and other recipient states of the former Soviet Union do not have an effective system for accurately accounting for their weapons of mass destruction and the nuclear and chemical materials for those weapons. Accordingly, the committee directs the Secretary of Defense to report to the congressional defense committees on progress being made in developing an effective system whereby officials of the United States and the recipient states have an accurate accounting for those states of weapons of mass destruction and the nuclear and chemical materials for those weapons.

The committee recognizes that an accurate accounting of such weapons and materials is not likely to be made available to U.S. officials unless they provide information on a reciprocal basis. Therefore, the Secretary should include in the report information on the status of such a reciprocal data exchange.

PROJECT PEACE

Last year, Congress appropriated \$10 million for Project Peace. This program is designed to help dismantle the conventional weapons of countries of the former Soviet Union (FSU), and to help convert the defense industries of FSU countries. Project Peace complements other funding efforts aimed at the FSU that facilitate the destruction, and that prevent the proliferation of weapons of mass destruction.

The committee notes that the Department of Defense has not obligated the \$10 million. The weapons dismantlement, economic adjustment, and environmental clean-up associated with Project Peace are of seminal importance to the recycling of conventional weapons stocks, and to continuing the transition to democracy in those nations. Therefore, the committee directs the Secretary to obligate the \$10 million appropriated last year.

In past negotiations concerning Project Peace, Russian officials have expressed a strong interest in scrapping and recycling naval vessels and other military equipment. Unfortunately, the state of Russian scrapping and associated industries is such that large scale domestic weapons dismantlement is not feasible. Therefore, a properly planned and implemented American conversion and dismantlement strategy could relieve Russia of the burden of disassembling its conventional weapons arsenal while at the same time creating

a viable, long-term scrapping and recycling industry in U.S. shipyards and other facilities that have the capability to dismantle weapons systems.

In order to fully assess the prospects for the success of Project Peace and for the development of a successful industry based on the conversion and dismantlement of conventional weapons systems from the former Soviet Union, the committee directs the Secretary of Defense to submit a report to the congressional defense committees on this subject no later February 1, 1995.

This report should include an assessment of a variety of factors that could influence the success of the project, including: the cost of transporting former Soviet ships and other equipment to the United States; the number of shipyards and facilities in the United States that have the capability to dismantle or convert military stocks without substantial modification or capital investment; competition for conversion and dismantlement business from shipyards and facilities in other countries closer to Russia than the United States; the nature and extent of environmental contamination associated with the weapons systems that might be dismantled or converted; and the prospects for effective transportation and disposal of contaminants resulting from scrapping and recycling these items.

The committee recommends \$15 million for Project Peace.

MILITARY-TO-MILITARY CONTACTS

The committee supports the European Command's plans to commence military-to-military contacts in Africa and urges that, where appropriate, particular emphasis be placed on reinforcing the engineering and public works capabilities of African militaries.

NATO NUCLEAR BASES

The committee notes that a General Accounting Office (GAO) study concluded that NATO can maintain a credible and survivable nuclear capability and meet its stated requirements for broad allied participation with fewer strike bases. The GAO also concluded that the United States may be able to reduce its support costs by consolidating its nuclear bombs at fewer storage sites. Finally, GAO concluded that the Air Force does not follow regulations in implementing and monitoring allied compliance with bilateral agreements governing support for Air Force units stationed at allied strike bases.

The committee believes that the United States could reduce funding for NATO strike base support without adding to their vulnerability or jeopardizing NATO's nuclear capability. The committee is concerned that the United States is funding these costs because our allies have declined to provide support despite bilateral agreements.

Accordingly, the committee directs the Secretary of Defense to review the situation regarding NATO strike bases and report the results of the review to the Committees on Armed Services of the Senate and the House of Representatives on or before March 31, 1995. In the report, the Secretary shall certify that all appropriate action has been taken to consolidate NATO's nuclear storage sites operated by the United States, and to acquire allied support for storage sites as required by bilateral agreements.

OVERSEAS TROOP STRENGTH

Section 1302 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484) established a ceiling for United States overseas troop strength at 60 percent of the September 30, 1992 strength level. That legislation was, in part, based on a withdrawal schedule for United States forces in the Republic of Korea that has been suspended because of security concerns regarding the Korean Peninsula. Section 381 would increase the ceiling in order to reflect the suspension of U.S. withdrawals from Korea.

ARMY ITEMS OF SPECIAL INTEREST

ARMY STOCK FUNDING OF DEPOT LEVEL REPAIRABLES

The committee notes that Army units receive excess credit for items returned to the stock fund. The excess credit received is attributed to the Army's stock fund which effectively increases operation and maintenance buying power for Army units. Accordingly, the committee recommends a reduction in funding for Army operation and maintenance of \$200 million.

UNITED STATES ARMY FORCES COMMAND OPERATION AND MAINTENANCE BUDGET WITHHOLD

The committee notes that the U.S. Army Forces Command budget request for fiscal year 1995 included \$234.5 million which was withheld as an offset to anticipated congressional reductions. The committee also notes that the Army's budget request for direct operation and maintenance appropriations is overstated. Accordingly, the committee recommends a reduction in funding for Army operation and maintenance funding of \$100 million.

AIR FORCE ISSUES OF SPECIAL INTEREST

AIR FORCE BASE MAINTENANCE INVENTORIES

Air Force retail inventories support the operating needs of maintenance and other activities on a base. In addition, base maintenance activities maintain separate duplicate inventories or bench stocks in their work areas. As of June 1993, Air Force base maintenance activities had authorized bench stocks valued at \$140 million.

In December 1993, the General Accounting Office (GAO) reported that its review of bench stocks at five bases revealed that 26 percent of the bench stocks were not needed and that the need for another 30 percent could be more economically provided by base supply inventories. Unlike base supply inventories, inventory managers have no visibility for bench stocks, and thus they may be buying new items while the same items are sitting in bench stocks.

The committee is concerned about the Air Force's lack of accountability for, and visibility over, bench stock inventories. Accordingly, the committee recommends that \$25 million be used for more critical mission needs.

TERMINATION OF EXCESS ORDERS

The Air Force has significantly increased the termination of orders for material that exceeds requirements (from 6 percent to 47 percent annually). In the past, the Air Force was not using the increased availability of deobligated funds from these contract terminations to reduce its annual budget. Once contracts are terminated, funds not needed to cover settlement charges can be deobligated and made available for other procurements.

On the basis of the Air Force's average annual availability of deobligated funds for the past three years, the General Accounting Office (GAO) estimates that \$200 million of deobligated funds from contract terminations will be available to the Air Force to satisfy fiscal year 1995 stock fund needs. The committee concurs with GAO's finding and recommends that \$200 million be used for more critical mission needs.

BACKORDER VALIDATION PROCEDURES

In June 1989, the General Accounting Office (GAO) reported that the Air Force had millions of dollars of invalid orders for spare parts and other supplies that were not being detected by periodic validation checks. In April 1994, GAO reported that the Air Force continues to have significant amounts of invalid orders because they are not detected and then canceled when a supply is not needed.

GAO also reviewed 17 Air Force retail supply activities and identified \$209 million of invalid backorders that had not been detected by prior validations checks. The Air Force subsequently canceled these invalid backorders. As of September 1993, the Air Force had \$4 billion of unfilled material backorders.

The committee is concerned about the magnitude and longstanding nature of undetected invalid backorders in the Air Force system. Accordingly, the committee recommends \$100 million be used for more critical mission needs.

MARINE CORPS ISSUES OF SPECIAL INTEREST

USMC SKILL PROGRESSION TRAINING (SPT)

Skill progression training (SPT) provides Marines with advanced military occupational specialty and technical skills. These skills are necessary to operate and maintain the Marine Corps' high technology combat, combat support and combat service support systems. SPT skill proficiencies are commensurate with their responsibilities.

The committee is concerned with the Marine Corps' inability to adequately fund SPT over the last several years and the effect inadequate funding is having on personnel readiness. Accordingly, the committee recommends an authorization of \$19 million for Marine Corps skill progression training to meet current requirements.

USMC FAMILY ADVOCACY PROGRAM

The committee recommends authorization of \$5.6 million for the Marine Corps Family Advocacy Program, of which \$4 million is for the new parent support program and \$1.6 million is for the victims' advocate program.

OPERATION PROVIDE COMFORT

The General Accounting Office reviewed Operation Provide Comfort (OPC) in northern Iraq, and the committee is concerned about a number of its findings, including:

- (1) The open-ended commitment and the high costs of the operations which is being borne by the United States;
- (2) The evolutionary nature of the humanitarian assistance element of the operation-from emergency relief to a development assistance program;
- (3) The Department of Defense's lack of expertise in administering a humanitarian assistance program;
- (4) The use of U.S. funds to purchase fuel from Iraq refineries to supply to the people in northern Iraq; and
- (5) Uncertainties about whether the Turkish government will continue to support the use of Incirlik Air Base to carry out the operation.

The Department has spent \$2.1 billion (of which \$1 billion were incremental expenditures) on OPC. The committee believes the Secretary of Defense should work with the Secretary of State to acquire additional international pledges to the Defense Cooperation Account for use in supporting U.S. efforts in northern Iraq.

Accordingly, the committee directs the Secretary of Defense, in consultation with the Secretary of State and the Director of the Agency for International Development (AID), to reassess the program in northern Iraq with a view toward providing basic relief assistance without fostering nation building. The committee further directs the Secretary to change the Department's procedures for purchasing fuel to ensure that the revenue from the sale does not go to the Iraqi government.

Finally, Incirlik Air Base is vital to the continuation of Operation Provide Comfort. The United States and its coalition partners, however, have no contingency plans for continuing OPC if access is denied. While it is in the best interests, Turkey, the United States and the coalition partners to continue OPC from Incirlik, it is prudent to have a contingency plan in the event the base is closed to U.S. forces. Therefore, the committee directs the Secretary of Defense to begin developing such contingency plans.

M1A1 TANKS

In a report to the committee, the General Accounting Office (GAO) identified a 50 percent overall shortfall in the number of M1A1 tanks required by the Marine Corps. The Marine Corps established a requirement for 443 M1A1 tanks based on a force structure of two active tank battalions and three maritime prepositioning force squadrons, two reserve tank battalions, and tanks to sustain the fleet. This requirement is consistent with the force structure recommended by the Joint Chiefs of Staff (JCS) and by the Bottom-Up Review recently conducted by the Department of Defense. The GAO reported the Marine Corps currently has only 221 M1A1 tanks, posing a shortfall of 222 M1A1 tanks. There are no more M1A1 tanks being produced; therefore, the only source of available tanks would be from the Army.

The GAO also reported that the Army plans to transfer about 1,500 M1A1 tanks to National Guard units to offset the phaseout of its M60 tanks. This transfer is expected to be completed by the year 2003. The

committee is aware that the Army currently owns 4,460 M1A1 tanks of which 836 are available for issue, after refurbishment, from downsizing. The Army forecasts that, in the short term, it will need 641 M1A1 tanks to complete modernization of the active component first, and then another 492 M1A1 tanks to modernize the Army National guard. The committee is also aware that the Marine Corps Reserve is currently authorized to have 64 M1A1 tanks but have only 16 M1A1 tanks for training and deployment.

The committee is concerned that the active duty Marine Corps has a serious shortfall of critical equipment that would cause a 50 percent reduction in the combat forces available on deployment. At present, the Marine Corps' maritime prepositioning squadrons only have one half of the M1A1 tanks that are required for deployment.

The committee recognizes that the modernization of the National Guard is an important element for the total force concept; however, the shortages in required equipment for the active duty units is also important. Indeed, the Department of Defense bottom-up review states there is a need to fully equip active duty units first; and, as a result of the drawdown of forces overseas, DOD places a premium on rapidly deployable, highly lethal forces to halt an invasion in a major regional conflict.

Therefore, the committee directs that the Chairman of the Joint Chiefs of Staff conduct a review of M1A1 tank allocation and report the results to the committee not later than December 15, 1994. This review should assess the assignment of M1A1 tanks that would best contribute to total military capability, and whether a transfer of M1A1 tanks to the Marine Corps to satisfy the Marine Corps' established requirements has a higher priority than providing these tanks to the active Army and National Guard.

TACTICAL AMPHIBIOUS AIRCRAFT

The committee notes that there are a number of Special Operations Forces (SOF) investment programs that relate to its unique tactical mobility needs. Stealth and flexibility are two governing properties of a SOF mobility vehicle. While programs exist to improve SOF capabilities in existing transportation regimes, there is no ongoing search for a modern amphibious aircraft, the MVX notwithstanding.

The inherent tactical flexibility of generic amphibious aircraft should be explored to determine a practical application to SOF mobility needs. Accordingly, the committee recommends authorization of an additional \$9 million for the Special Operations Command to lease and modify a midsized (40,000-50,000 lb.) turbine powered amphibious aircraft. The committee recommends that the Special Operations Command uses these funds to evaluate this class of aircraft for SOF requirements. The committee directs the Commander-in-Chief, Special Operations Command to conduct this evaluation and to submit the findings to the congressional defense committees no later than September 30, 1996.

DISPOSAL OF OUTDATED PHARMACEUTICALS

The committee recognizes that military hospitals, like other hospitals, have to safely dispose of dated pharmaceuticals because they cannot be returned for credit to manufacturers or to government supply depots. Moreover, the committee is aware that it is very expensive to properly dispose of the dated pharmaceuticals.

The committee notes that a small number of military hospitals have contracts with private firms that safely dispose of all unreturnable items and that pay refunds for those items that can be returned. This arrangement produces substantial cost savings. Indeed, the committee understands that in one instance a military hospital reduced its disposal costs by \$700,000 in one year.

Accordingly, the committee urges the Secretary of Defense to review this type of arrangement for all military hospitals and medical facilities to determine whether significant savings can be achieved.

TEST PROGRAM FOR RESERVE PROFESSIONAL MILITARY EDUCATION

The National Defense Authorization Act for Fiscal Year 1993 required the Secretary of the Army to submit a plan for carrying out a test program to improve professional military education (PME) for reserve component officers in the Army. The committee is very pleased with the reserve PME test plan the Secretary of the Army submitted. Accordingly, the committee recommends authorization of \$1.2 million to carrying-out a test program to improve professional military education for reserve component officers of the Army.

STAND DOWNS

Stand Downs are programs designed to provide homeless veterans the food, shelter, medical care, and other assistance necessary to regain their rightful place in society. Stand Downs are conducted by nonprofit community based organizations and public agencies.

In 1993, Stand Downs provided assistance to over 10,000 homeless veterans. Many of these Stand Downs were accomplished with the assistance and support of local military and Department of Veterans' Affairs officials.

The committee directs the Secretary of Defense, using his discretion and consistent with the military mission of the armed services, to make equipment and logistic support available, on a temporary basis, to nonprofit organizations for Stand Downs. Equipment should include, but not be limited to, tents, cots, tables, chairs, water buffalos, communication devices, and generators. The Secretary shall identify appropriate office and persons in each state to serve as the point of contact for organizations seeking the use of equipment for Stand Downs.

DIGITAL IMAGING IDENTIFICATION SYSTEM

The committee believes the Department of Defense can achieve significant cost savings by implementing a digital imaging identification system utilizing a closed loop color correction system with a computerized data base that would greatly enhance access control and security. Accordingly, the committee recommends an increase in Defense-wide operations and maintenance funding of \$1 million.

DEPARTMENT OF DEFENSE PRINTING OPERATIONS

The Defense Printing Service (DPS) is the single manager for printing operations within the Department of Defense. In the future, DPS intends to reduce its in-house capacity by reducing staffing and facilities, and increasing its procurement of printing-related services from the private sector.

The committee is pleased to learn that the Department is taking action to reduce its in-house operations. The committee believes that the Department should retain only a minimal in-house core capacity to cover those printing requirements which cannot be satisfactorily fulfilled by the private sector or which can be obtained at a lower cost through in-house resources.

In this regard, the General Accounting Office (GAO) is currently analyzing the prices for printing and duplicating work offered by the DPS to its customers versus the prices available through private printers on contract to the Government Printing Office. The committee expects the Department to incorporate the results of the GAO study into its plan for reducing in-house capacity and for providing for the Department's printing-related mission requirements.

ON-DEMAND PUBLISHING SYSTEMS

The committee is aware of new advances in on-demand publishing systems that replace less efficient documentation management systems based on economic order quantities and emergency order levels.

The committee commends the Defense Printing Service and the Navy for recognizing the advantages of an on-demand publishing system and for beginning the process of acquiring the equipment and software needed to move to an advanced technology documentation management system. The committee notes that other components of the Department of Defense have been less progressive than the Defense Printing Service and the Navy.

Accordingly, the committee suggests the Secretary of Defense continue the process of fully integrating on-demand publishing systems within all components of the Department of Defense. The system should accept electronic orders, and capture, store, retrieve, print, and distribute documents to customers. The system should also be capable of accepting data from ASCII, Document Type Definitions (DTD), Formatted Output Specification Instances (FOSI), graphics, and Page Description Language (PDL). The system should be capable of output in the form of paper, CD-ROM, diskette, worm, or DAT. The system should follow the standards of Computer-aided Acquisition and Logistics Support (CALS) when processing any technical data pertaining to weapons systems, and be compatible with on-going efforts to automate DOD technical data repositories.

The committee recommends a \$10 million increase in funding for the Defense Printing Service to support on-demand publishing systems within all components of the Department of Defense.

WARTIME HOST NATION SUPPORT

A 1982 agreement between the United States and the Federal Republic of Germany governs host nation support. The agreement requires the German Government to, among other things provide civilian and military support to the reinforced U.S. forces in Germany during crisis or war. The agreement requires the United States to, among other things purchase the equipment (other than individual equipment) for the Germany military support units, and to pay some operating and maintenance costs for the host nation support program.

A recent Army Audit Agency (AAA) report evaluated various aspects of the host nation support agreement. The AAA determined that the host nation support program does not provide the Army with the military support it needs under current threat analyses. The AAA also found that accountability of the equipment is inadequate. For example, in February 1993 equipment on hand, valued at \$80 million, was understated in the records by more than 100,000 items. The AAA concluded that in these circumstances, the Army could save about \$158 million for undelivered host nation support equipment, and about \$40 million in program operations and maintenance costs over a six-year period.

Accordingly, the committee recommends a reduction of \$100 million from the Department of the Army for host nation support and encourages the Department to reassess the requirements of the host nation support agreement.

REPAIR OF EXCESS NAVY SHIPS

As the Navy reduces the number of ships in the fleet, Congress has permitted, on a case-by-case basis, the transfer or lease of excess ships to allied nations. These vessels do not have to be repaired in U.S. shipyards, however. In recognition of the policy to provide only operationally safe and supportable vessels to our allies, the committee recommends that all Navy vessels, as a condition of transfer or lease, be repaired and prepared for transit in U.S. shipyards.

STRATEGIC TELEVISION AIRMOBILE REPORTS VIA SATELLITE (STARS)

The committee recognizes that the Strategic Television Airmobile Reports via Satellite System (STARS) is a program that could be quickly adapted to provide 24-hour real time news broadcast capability. This potential for real time television broadcasts in world crisis areas may have a potential as a new information dissemination strategy. The committee is aware that a modified P-3 Orion aircraft could be modified to evaluate this program. Therefore, the committee requests that the United States Special Operations Command (USSOCOM) evaluate the military applications for a STARS program and report to the congressional Defense committees on this study not later than January 1, 1995. This report should include an estimate of what a STARS program would cost if implemented utilizing USSOCOM funds.

CABLE SHIPS

The committee recommends that \$24 million from available funds be provided for cable ship operations in order to continue the Integrated Undersea Surveillance System (IUSS) consolidation effort and to install the fixed distribution system. This will eliminate the requirement for an additional \$40 million in fiscal year 1996 and 1997 for contract costs and reactivation.

TELEVISION ORDINANCE SCORING SYSTEM

The committee recommends an authorization of \$500,000 to evaluate the Television Ordinance Scoring System (TOSS) for the Army's attack helicopter crews at Nellis Air Force Base. The committee believes the Army should test a system that scores multiple targets and that allows several helicopters to fire on the range score area simultaneously from any location day or night. The TOSS is designed to work and support the requirements of a tactical training environment. The committee recognizes the importance of tactical training because it allows helicopter crews to vary attack headings as they would in a real-world scenario. The committee also directs the Secretary of the Army to work with the Secretary of the Air Force to schedule the evaluation exercise on the Nellis Range Complex without interfering with current operations.

TELETRAINING

The U.S. Army Training and Doctrine Command has established TNET, an interactive teletraining network. It is one of the most successful, cost-efficient, interactive two-way audio/video teletraining networks in the world. TNET is versatile and is popular with a wide array of military commands, the active and reserve components, and those engaged in special operations and military intelligence activities.

The TNET system is capable of great expansion. Accordingly, the committee recommends a \$12,862,554 authorization for this program in fiscal year 1995.

The committee directs that the funds continue to support current program operations and systems expansion. The committee expects the Army to make the results of its TNET teletraining experience available to the other services. The committee also expects the Army to expand TNET implementation within civilian agencies, and to make private sector implementation a high priority.

OPERATIONAL RATIONS

CONSUMPTION IN PEACETIME

During fiscal year 1994, certain units in the Army reduced their consumption of operational rations in training to conserve funds. However, reductions in consumption during training means potential reductions in new orders from industrial base contractors.

To better assess future industrial base needs, the Army should prepare a peacetime consumption plan for fiscal years 1995-1999 for meals-ready-to-eat (MREs) and Tray packs identifying minimum levels of operational rations to be consumed during peacetime training. The plan should be updated annually; state a minimum quantity for each ration that the Army plans to consume; identify consumption shortfalls; and estimate funding required as a separate lien item in the budget. The updated plan shall be included in the annual budget submission.

INDUSTRIAL BASE

As the Department of Defense (DOD) continues to downsize and funding levels decline for purchases of these rations, contractors who provide military surge capacity should not be forced to survive solely on government contracts for operational rations.

To reduce excess capacity, and at the same time preserve the industrial base for operational rations, the committee directs the Secretary of Defense to institute a formal program to create incentives for operational ration contractors (MREs and Tray packs) and to develop commercial markets. The Secretary shall take this action through the Technology Reinvestment Program. The Secretary shall prepare a plan of action for this effort by November 1, 1994 and to provide the congressional defense committees with a summary of the results by April 15, 1995. The plan should contain criteria for baselining and then measuring successful efforts to ensure the funds are spent in the most effective manner.

The committee recommends the authorization of \$2 million for the Defense Personnel Support Center under the Defense Conversion Grant Program in support of the operational rations industry. The maximum grant provided to any single company should not exceed \$250,000. This money is to be used to further the conversion of the ration industrial base from a government-dependent industry to viable commercial/government entities. This funding may be used for any efforts necessary to accomplish this conversion including market and product research/development, the development of new manufacturing techniques, and the acquisition of equipment necessary for conversion.

UH-1 REFURBISHMENT POLICY

The committee notes that the Army's modernization plan projects that a portion of the UH-1 helicopter inventory will not be required in the future. The committee also recognizes that these helicopters can be useful to foreign countries for nation-building, anti-narcotics, medical evacuation, and other missions. To assure that any excess or surplus UH-1 helicopters are operationally safe and supportable, and in recognition of longstanding U.S. government policy to provide only high grade, safe, and supportable aircraft to our friends and allies, the committee directs that any UH-1 helicopters to be sold to foreign nations be done so only in a refurbished condition. The committee expects that prior to release to a foreign country, these

helicopters will be refurbished in the United States at facilities which meet or exceed U.S. Army depot maintenance work request standards of serviceability as stated in technical manual TM551520210.

ADVANCED ANTI-CORROSIVE PAINTS

The committee remains interested in increasing Navy use of environmentally-safe paint coatings and is aware that the Environmental Protection Agency has been working with the Navy to achieve this goal. One anti-corrosive paint which meets the strictest volatile organic compound emission standards and has provided superior corrosion protection on many Navy systems is a water-based inorganic zinc compound.

The committee is encouraged that the Navy has initiated a test to determine the effectiveness of this anti-corrosive compound on ship void spaces. Nevertheless, there are many more potential areas of naval structure which may benefit from this coating for which final test results have not been produced. The committee recognizes two potential areas for testing which endure high corrosion with current coatings: ship well decks and sea water ballast tanks. The committee understands that tests are underway on well decks and urges the Navy to release its findings on these tests at the earliest possible date.

SIMULATION TRAINING

The committee believes that because defense resources are declining, it is important to optimize training and to increase skill proficiencies more effectively and efficiently. Advances in simulation technology can help satisfy military training requirements at reduced cost.

The committee believes that the Department of Defense needs to quantify the impact of simulation technology on military training so that it can determine whether the level of investment in this area is appropriate and whether significant savings are possible. Therefore, the committee directs the Secretary of Defense to prepare a report on the value of simulation as a training device and the potential for training efficiency resulting from increased use of simulation. The Secretary shall submit this report to the Committees on Armed Services of the Senate and the House of Representatives no later than February 1, 1995.

AIR FORCE SUPPORT FOR THE CIVIL AIR PATROL

The committee recommends a provision (sec. 367) that would restructure and provide funding for the staff at the Civil Air Patrol (CAP) national headquarters. The provision also would authorize the employment and compensation of retired commissioned and noncommissioned officers of the Air Force as CAP administrators and liaison officers.

The committee recognizes that reorganization is necessary as the Air Force continues to reduce force structure and pursue management efficiencies. However, the committee strongly supports the important search and rescue, counter-drug surveillance, and disaster relief missions performed by CAP. The committee expects the Air Force to fully fund CAP requirements on a timely and continuing basis. Accordingly, the committee recommends that funding be increased by \$3.8 million to offset the departure of military personnel.

TYPHOID VACCINE

In the statement of managers accompanying the Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) (H. Rept. 103-357) the conferees noted that the use of an oral vaccine to protect members of the armed forces from typhoid presents many advantages including a reduced risk of adverse side effects and quicker effectiveness. The conferees noted this vaccine was understocked. The committee received a report from the Department indicating that the storage levels of the oral typhoid vaccine and the injectable vaccine were at a near equitable level, and that the oral vaccine would be as available as the older injectable vaccine.

The committee has learned, however, that one vial of the injectable vaccine contains 50 doses while one oral vaccine package contains only one dose. The committee believes there is still an inequitable level of oral typhoid vaccine due to inaccurate ordering and accounting. The committee urges the Department to revise the ordering and storage of oral typhoid vaccine so that there is an equitable dose level of the oral vaccine and the injectable vaccine.

SPECIAL EVENTS FUNDING

The committee has been concerned with the Department of Defense's support for private sector special events such as the World Cup, World Games, and the Olympics. The United States should make every effort to ensure the safety of the athletes and patrons. At the same time, the government shall not be unnecessarily burdened with providing this protection. The committee is concerned that the Department is paying bills for this protection when the event organizers are profiting from the athletic competition.

Also disturbing to the committee is information that the Department of Defense has paid for transportation and per diem for private citizens to attend events in Barcelona, Spain and Lillehammer, Norway. The justification request sent to the Special Events Office for approval states: "These resources are not available from other sources. Therefore, this request for DOD resources is made as a last resort to fulfill this need."

It is difficult for this committee to understand how the Department of Defense could be considered the "source of last resort" for the travel and transportation of non-Federal civilians. According to the General Accounting Office, DOD also has paid \$750,000 to automate one police department's internal records; \$100,000 for access control and accreditation research; and \$500,000 to retrofit facilities. The committee believes that the Department of Defense must ensure proper accountability and use of the resources it provides to ensure continued congressional support.

AFLOAT HOUSING

As bases close, many remaining bases are receiving new and expanded missions. These bases are also filling up housing spaces. Indeed, during exercise periods, some of these bases are unable to provide temporary housing and sometimes off-base accommodations are the only alternative.

When ships are in their homeport and extensive maintenance and repairs are required, there is little berthing space for the crew. At one of its overseas bases the Navy uses a barracks barge capable of housing a large number of personnel to deal with these types of problems. This temporary housing appears to be an acceptable solution to the problems caused by an increase in personnel for exercises and for ship personnel during repairs.

Therefore, the committee requests the Secretary of the Navy to aggressively consider the use of afloat temporary housing as a means of providing suitable housing when needed. The report should outline whether this type of billeting can be provided; it should compare the cost of using afloat housing with the cost of using off-base commercial facilities; it should assess the impact of changing military training activity schedules due to inadequate billeting; and the report should give the cost of procuring afloat housing from commercial sources. The report should be submitted to the congressional committees by March 15, 1995.

RATION CONTROL

The committee has no information indicating that rationed commodities are a concern of the German and South Korean governments. This is evidenced by their failure to prosecute their citizens for receiving rationed goods. Conversely, U.S. military personnel are being subjected to harsh punishments for ration violations.

The committee believes that rationing is an anachronism. It represents an inconvenience for military personnel and their families assigned overseas. It is an unnecessary invasion of their privacy at a time when local nationals, who may receive these rationed goods, are rarely, if ever, susceptible to any punishment by their own governments. The administrative burdens placed upon commissaries and exchanges as well as the requirement for data systems and military police far outweigh any benefits. Accordingly, the committee recommends a \$7 million reduction in the Army operations and maintenance budget.

CIVIL-MILITARY COOPERATION

The committee notes that the National Guard Youth Program (sec. 362) is an excellent opportunity for units of the National Guard to assist a wide range of youth programs (including the Special Olympics) without interfering with training. The committee is aware of some specific needs of local communities such as the clearing and limited restoration of sports playing fields. In some cases, the only viable alternative for

the restoration of inner-city playing fields, such as in Washington, D.C., is with assistance from local National Guard units.

The committee is also aware of the 20 Civil-Military Cooperations initiatives the Department of Defense is undertaking to support the President's "Rebuild America" agenda. The committee notes that this type of support combines hands-on training experience with community service. The committee urges the Secretary of Defense to seriously consider the use of Reserve components to pursue this initiative as well.

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LEGISLATIVE PROVISIONS

SECTION 304-FUNDS FOR DEPOT-LEVEL MAINTENANCE AND REPAIR WORK

This section would add \$600,000,000 to the budget request for the performance of depot-level maintenance and repair work. The provision also would limit to 40 percent the amount available for the performance of depot-level maintenance and repair work by non-Federal government employees.

SECTION 305-SUPPORT FOR THE 1996 OLYMPICS

This section would allow the Secretary of Defense to provide logistical and other related support for the 1996 Summer Olympics and would authorize \$4,000,000 for that purpose.

SECTION 311-REPORTS AND LIMITATIONS ON TRANSFER AND USE OF CERTAIN OPERATIONS AND MAINTENANCE FUNDS

This section would prohibit the Secretary of Defense from transferring any amounts authorized and appropriated for operations and maintenance operating forces accounts (known as budget activity 1 accounts) until after a notification to Congress.

SECTION 312-LIMITATION ON RETENTION OF MORALE, WELFARE, AND RECREATION FUNDS BY MILITARY INSTALLATIONS

This section would prohibit the individual military service nonappropriated morale, welfare, and recreation accounts from retaining funds at the installation level in excess of the amounts necessary to meet working capital requirements.

SECTION 313-PROHIBITION ON USE OF APPROPRIATED FUNDS FOR OPERATION OF ARMED FORCES RECREATION CENTER, EUROPE

This section would prohibit the use of appropriated funds of the Department of Defense to operate the Armed Forces Recreation Center, Europe except for the payment of utilities, emergency repairs, and transportation of United States products.

SECTION 314-LIMITATION ON USE OF SPECIFICATIONS FOR PROCUREMENT OF SUBSISTENCE ITEMS

This section would prohibit the Secretary of Defense from using specifications or restrictions in the procurement of subsistence items for use at military installation and shore facilities.

SECTION 321-FINDINGS

This section would establish findings of Congress concerning depot-level activities of the Department of Defense.

SECTION 322-MODIFICATION OF LIMITATION ON PERFORMANCE OF DEPOT-LEVEL MAINTENANCE

This section would revise the current percentage definition codified in section 2466 of Title 10, United States Code, for workloads that may be performed by non-Federal government personnel to not more than 40 percent of the funds made available in a fiscal year to a military department or a Defense Agency for depot-level maintenance and repair.

SECTION 323-LIMITATION ON THE PERFORMANCE OF DEPOT-LEVEL MAINTENANCE OF MATERIEL FOR NEW WEAPON SYSTEMS

This section would require that, within five years after the initial delivery of a weapon system to the Department of Defense not less than 60 percent of the depot-level maintenance of the weapon system must be performed by employees of the Department of Defense.

SECTION 324-AUDITS TO MONITOR COST GROWTH OF CONTRACTS TO PERFORM DEPOT-LEVEL MAINTENANCE AND REPAIR

This section would require the Secretary of Defense to conduct an audit of each contract entered into for the performance of depot-level maintenance and repair to monitor the costs incurred by the contractor.

SECTION 325-CONSIDERATION OF COSTS OF CLOSING DEPARTMENT OF DEFENSE DEPOTS IN CERTAIN COST COMPARISONS

This section would require that the cost of closing Department of Defense depots be included in any comparison conducted of the cost of performing depot-level maintenance and repair work by non-Federal Government personnel with the cost of performing such work by employees of the Department of Defense.

SECTION 326-AUTHORITY FOR DEPOT-LEVEL ACTIVITIES OF THE DEPARTMENT OF DEFENSE TO COMPETE FOR MAINTENANCE AND REPAIR WORKLOADS OF OTHER FEDERAL AGENCIES

This section would allow the Department of Defense to compete for the depot-level maintenance and repair workload of other Federal agencies.

SECTION 327-AUTHORITY OF DEPOTS TO PROVIDE SERVICES OUTSIDE OF THE DEPARTMENT OF DEFENSE

This section would provide the Department of Defense with the authority to lease excess depot-level equipment and facilities on a reimbursable and non-interference basis.

SECTION 328-MAINTENANCE OF SUFFICIENT DEPOT FACILITIES, ACTIVITIES AND EMPLOYEES OF THE DEPARTMENT OF DEFENSE

This section would require the Secretary of Defense to maintain sufficient depot-level activities and facilities to carry out all provisions in title III of the bill.

SECTION 329-REUTILIZATION INITIATIVE FOR ARMY AND NAVY DEPOT-LEVEL ACTIVITIES

This section would provide for a pilot program to encourage commercial firms to enter into partnerships with depot-level activities of the Department of the Army and the Department of the Navy.

SECTION 341-OVERSIGHT OF DEFENSE BUSINESS OPERATIONS FUND

This section would extend the authority to operate the Defense Business Operations Fund and make other changes affecting the transfer, billing, use, and accumulation of funds.

SECTION 342-REVIEW BY COMPTROLLER GENERAL OF CHARGES IMPOSED BY DEFENSE BUSINESS OPERATIONS FUND

This section would require a review by the Comptroller General of the United States of the charges for goods and services provided by the Defense Business Operations Fund.

SECTION 351-REAUTHORIZATION OF DEPARTMENT OF DEFENSE DOMESTIC ELEMENTARY AND SECONDARY SCHOOLS FOR MILITARY DEPENDENTS

This section would provide for the continued authority to provide for the education of military dependents when local agencies are unable to provide appropriate education.

SECTION 352-SURVEY AND PILOT PROGRAM FOR THE TRANSFER OF DEPARTMENT OF DEFENSE DOMESTIC DEPENDENT ELEMENTARY AND SECONDARY SCHOOLS TO APPROPRIATE LOCAL EDUCATIONAL AGENCIES

This section would require the Secretary of Defense to conduct a survey of the domestic elementary and secondary schools the Department of Defense operates to determine the requirements to transfer these schools to local educational agencies.

SECTION 353-EVALUATION OF SCHOOLS OF THE DEFENSE DEPENDENTS' EDUCATION SYSTEM WITH FEWER THAN 150 STUDENTS

This section would require the Secretary of Defense to examine alternatives to operating a Department of Defense overseas dependent school where less than 150 students are enrolled.

SECTION 354-PROHIBITION ON TUITION CEILINGS FOR SCHOOLS OF THE DEFENSE DEPENDENTS EDUCATION SYSTEM

This section would require the Secretary of Defense to remove all restrictions to the calculation of actual tuition.

SECTION 361-MODIFICATION OF FEES PAID BY RESIDENTS OF ARMED FORCES RETIREMENT HOME

This section would increase the amount of fees paid by residents, of the Armed Forces Retirement Homes and would also include consideration of all retirement income.

SECTION 362-NATIONAL GUARD YOUTH PROGRAM

This section would allow members or units of the National Guard to provide services to various youth organizations on a non-interference basis if provided at no additional cost and does not affect any commercial entities.

SECTION 363-DEPARTMENT OF DEFENSE FOOD INVENTORY PROGRAM

This section would require the completion of the Department of Defense Food Demonstration Project by September 30, 1995 and would require the expansion throughout the United States of full-line commercial food distributors.

SECTION 364-DEPARTMENT OF DEFENSE SPECIAL SUPPLEMENTAL FOOD PROGRAM

This section would authorize the Secretary of Defense to provide special supplemental food benefits to service members outside the United States and its territories.

SECTION 365-TRANSPORTATION OF THE REMAINS OF DECEASED RETIRED MEMBERS WHO DIE OUTSIDE OF THE UNITED STATES

This section would authorize the transportation of the remains of deceased retired members who die outside of the United States on a space available basis to a point of entry in the United States.

SECTION 366-AUTHORITY TO TRANSPORT THE REMAINS OF CERTAIN DECEASED VETERANS ON DEPARTMENT OF DEFENSE AEROMEDICAL EVACUATION AIRCRAFT

This section would authorize transportation on aeromedical evacuation aircraft, on a cost reimbursable basis, of the remains of deceased veterans who die in a Department of Veterans medical facility.

SECTION 367-MODIFICATION OF AIR FORCE SUPPORT FOR THE CIVIL AIR PATROL

This section would modify the support for the Civil Air Patrol and would allow the employment of retired military personnel.

SECTION 368-REVIEW AND REPORT ON USE OF OPERATIONS AND MAINTENANCE FUNDS BY THE DEPARTMENT OF DEFENSE

This section would require the Secretary of Defense to perform a review of accounts to determine the extent to which funds appropriated for operation and maintenance are used for the activity for which the funds have been appropriated.

SECTION 369-REQUIREMENT OF COMPARATIVE REPORT ON OPERATIONS AND MAINTENANCE FUNDING

This section would require the Secretary of Defense to compare the level of funding for operation and maintenance for the next fiscal year with the level of funding for each previous fiscal year beginning with fiscal year 1975.

SECTION 370-AUTOMATED DATA PROCESSING PROGRAMS OF THE DEPARTMENT OF DEFENSE

This section would limit the amount available to the Department of Defense for new development and modernization of automated data processing programs to \$2,700,000,000 for fiscal year 1995. The section would further restrict new development and modernization until several determinations are made.

SECTION 371-REVIEW BY DEFENSE INSPECTOR GENERAL OF COST GROWTH IN CERTAIN CONTRACTS

This section would require the Department of Defense Inspector General to review not less than 20 percent of existing contracts for the performance of commercial activities which resulted from a cost comparison study conducted by the Department of Defense under OMB Circular A-76.

SECTION 372-COST COMPARISON STUDIES FOR CONTRACTS FOR ADVISORY AND ASSISTANCE SERVICES

This section would require that, before the Secretary of Defense can enter into a contract for the performance of advisory and assistance services, the Secretary would be required to compare the cost of having the services performed by DOD personnel with the cost of having contractor personnel perform the services.

SECTION 373-REQUIREMENT AND PLAN FOR CONVERTING PERFORMANCE OF CERTAIN POSITIONS TO PERFORMANCE BY DEPARTMENT OF DEFENSE EMPLOYEES

This section would require the Secretary of Defense to convert 10,000 military positions to Federal civilian employee positions each year during fiscal years 1995, and 1996 and 1997.

SECTION 374-USE OF SERVICE CONTRACT FUNDS FOR SEPARATION INCENTIVE PROGRAMS FOR DEPARTMENT OF DEFENSE EMPLOYEES

This section would require the Secretary of Defense during fiscal year 1995 to fund separation incentive programs for Federal civilian employees from those funds authorized and appropriated for service contracts with private sector entities.

SECTION 375-NON-FEDERAL EMPLOYMENT INCENTIVE PILOT PROGRAM

This section would authorize the Secretary of Defense to establish a program that would offer an incentive to encourage non-Federal employers to hire and retrain eligible employees. An incentive of not more than \$10,000 per employee would be authorized to be paid in increments in return for a commitment to hire an employee for a twelve-month period.

SECTION 376-UNIFORM HEALTH BENEFITS PROGRAM FOR EMPLOYEE OF THE DEPARTMENT OF DEFENSE ASSIGNED TO NONAPPROPRIATED FUND INSTRUMENTALITIES

This section would require the Secretary of Defense to provide a uniform health benefits programs for employees of the Department of Defense assigned to a nonappropriated fund instrumentality by October 1, 1995.

SECTION 377-OPERATION OF MILITARY EXCHANGE AND COMMISSARY STORE AT NAVAL AIR STATION FORT WORTH, JOINT RESERVE CENTER, CARSWELL FIELD

This section would extend for one-year the operation of the military exchange and commissary store at Naval Air Station, Fort Worth, Texas.

SECTION 378-SHIP'S STORES

This section would extend the deadline for conversion of ship's stores to operation by the Naval Exchange to October 1, 1995.

SECTION 379-PROGRAM TO COMMEMORATE WORLD WAR II

This section would extend the Secretary of Defense's authority to conduct a program to commemorate the fifty year anniversary of World War II and also would allow the reimbursement of certain expenses associated with the participation of the S.S. Jeremiah O'Brien in that program.

SECTION 380-ONE-YEAR EXTENSION OF CERTAIN PROGRAMS

This section would extend three previously authorized programs: demonstration project for the use of proceeds from the sale of certain property; authority for aviation depots and naval shipyards to engage in defense-related production and services; and authority of base commanders over contracting for commercial activities.

SECTION 381-CLARIFICATION AND CODIFICATION OF OVERSEAS MILITARY END STRENGTH LIMITATION

This provision would prohibit funds to support a strength level of armed forces assigned to permanent duty ashore outside the United States in excess of 200,000.

SECTION 382-AUTHORITY TO ISSUE IDENTIFICATION CARDS TO CERTAIN RETIREES OF THE NAVAL RESERVE

This section would permit that issue of identification cards to certain retirees of the Naval Reserve. Commissary and exchange privileges would not be authorized with the issue of this identification card.

SECTION 383-MODIFICATION OF STATUTE OF LIMITATIONS FOR CERTAIN CLAIMS FOR PERSONAL PROPERTY DAMAGE OR LOSS

This section would change the statute of limitations for a claim for personal property damage from two years to one year.

TITLE IV-MILITARY PERSONNEL AUTHORIZATIONS

SUBTITLE A-ACTIVE FORCES

SECTION 401-END STRENGTHS FOR ACTIVE FORCES

The President's budget contained an active duty end strength reduction of 85,584 during fiscal year 1995. The committee recommends approval of the budget request.

The following table summarizes the committee's actions with respect to active duty end strengths:

ACTIVE FORCES END STRENGTH FOR FISCAL YEAR 1995

Request	Service	Fiscal year 1994 program Recommen dation	Fiscal year 1995- Change from fiscal year-	1995 Request	1994 Program
	Army	540,000	510,000	510,000	(30,000)
	Navy	471,476	441,641	441,641	(29,835)
	Marine Corps	174,100	174,000	174,000	(100)
	Air Force	425,700	400,051	400,051	(25,649)
	Total	1,611,276	1,525,692	1,525,692	(85,584)

SECTION 402-LIMITATION ON DEPLOYMENT OF DIVISIONS CONSTITUTING THE ARMY CONTINGENCY FORCE

The Army has established a "contingency force" of five divisions that are organized and equipped to respond quickly to a range of crises that require sustained land combat operations or military presence. This provision would require that the President seek to use, whenever practicable, Army divisions that are not part of the contingency force in assigning units to participate in operations other than war. Furthermore, the provision would preclude the use of elements of more than one division of the contingency force for such operations (with the exception of domestic humanitarian or disaster relief missions) unless elements of all Army divisions that are not part of the contingency force were first assigned to them.

ITEM OF SPECIAL INTEREST

ARMY FORCE STRUCTURE

The committee is skeptical that the Army, as structured under the Bottom-Up Review (BUR), would be able successfully to carry out the national military strategy of fighting and quickly winning two major regional conflicts nearly simultaneously. The BUR recommends a ten division Army whose combat units would be entirely composed of active forces. These active divisions would be augmented, if necessary in a crisis, by "enhanced" national guard combat brigades that would be maintained in a higher state of readiness than in the past.

The Bottom-Up Review has both strengths and shortcomings. On the positive side, it recognizes the necessity of sizing the armed forces for two major regional conflicts. The BUR also emphasizes the importance of peacekeeping and other peacetime operations in the emerging security environment. Furthermore, the BUR places a very high priority on maintaining combat unit readiness and technological superiority. Finally, it stresses the importance of adequate sea and airlift.

There are a number of shortcomings, however, that undermine the BUR's credibility. Indeed, the literature on the BUR and the committee's hearings catalogue those defects. The most fundamental shortcomings are that the BUR relies on highly optimistic assumptions to deal with the postulated threat and has a non-expandable Army structure beyond ten divisions, leaving little margin for error in planning.

Even its proponents acknowledge that the BUR contains many "best case" assumptions concerning issues of fundamental importance to a military campaign, e.g., vulnerability of U.S. forces to nuclear, biological, and chemical weapons; how quickly the enemy could be defeated; availability of sea and airlift; the enemy could be defeated; availability of sea and airlift; time necessary to redeploy troops engaged in peacetime operations; and availability of troops stationed in foreign countries. Moreover, because almost all active forces could be engaged in two conflicts under the BUR, proponents concede that almost all of the optimistic assumptions would have to prove correct for the armed forces to fight successfully in two wars nearly simultaneously should those two wars be of a magnitude to require the full forces allocated under the BUR.

In defense of the BUR, proponents argue that it is very unlikely that the United States will be engaged in two wars at the same time. The committee, however, is unwilling to rest the nation's security on, first, the possibility that the country will not be challenged by a second aggressor while engaged in a conflict, and second, if the United States is indeed so challenged, a string of very optimistic assumptions that must come true for our nation to prevail quickly in two conflicts of the magnitude projected in the BUR.

Whatever strategy and force structure is selected, it must be forgiving of error and hedge against a variety of eventualities. The United States may find itself involved in crucial long-term peacekeeping commitments absorbing substantial forces when a crisis develops. Ten divisions could prove to be inadequate to fight two wars nearly simultaneously. The wars may not end quickly. In sum, for all of these reasons, and many more, the Army needs to be expandable.

That the BUR Army is not expandable is the second fundamental BUR defect. It would be difficult, if not impossible, to generate additional Army divisions quickly enough in a time of crisis. The Department of Defense has no plans for the Army to retain a capability to expand quickly beyond ten divisions if either of the nominal five divisions deployed to fight one of the wars got into trouble. Under the Bur, the only remaining Army divisional structure would be the eight national guard divisions that are programmed to have a very low resource priority.

This structure would result in a significantly smaller available Army mobilization base than that of July 1940, when there were twelve regular Army divisions and eighteen national guard divisions. When the existing national guard divisions were federalized, the Army experienced severe difficulties in organizing and training new divisions while at the same time providing replacements for casualties and divisions being deployed overseas.

Many experts believe the eight under-resourced guard divisions in the current total Army force plan may not become combat ready for up to two years after call-up. The most optimistic estimates are approximately one year; those who hold this view are offset by others who believe it would take much longer.

Rather than relying on a foreshortened BUR Army, the committee recommends that the Secretary of Defense consider returning the Army to its pre-Gulf War organization by integrating national guard combat units with active forces in a number of its divisions. The total Army, active and reserve components, should be configured so that combat power could be generated seamlessly and continuously with all-active units deploying first, mixed active and national guard units next (after three or four months of post-mobilization training), and finally, the eight remaining national guard divisions. The committee is convinced that greater reliance on the reserve components is the solution to the dilemma of fielding a military capable of meeting the national military strategy's stringent two-war planning criterion and at the same time staying within the personnel and resource levels recommended in the President's budget and long-range defense plan.

The committee recommends that the Army be comprised of twelve divisions. Eight divisions would be composed entirely of active personnel, more than enough to respond quickly to one major crisis. The remaining active combat elements would be integrated with national guard units in at least four "roundout" divisions. The committee recommends that two divisions be "rounded out" with one national guard combat

brigade and two other divisions be "rounded out" with two guard brigades. All twelve division headquarters would be composed primarily of active personnel.

The committee readily acknowledges that the roundout divisions would not have the capability to respond "nearly simultaneously" to a second war. It would take time to prepare the roundout units for combat even if the divisions were led by active personnel. Some estimates suggest, however, that the integrated divisions could be ready at about the time airlift and sealift became available for their deployment. Moreover, there would be more Army divisions to cope with two wars or other contingencies, twelve in the committee's recommended structure, and possibly more if the guard units proved to be capable of providing a greater proportion of each roundout division.

Finally, the committee notes that a RAND Corporation study has suggested that roundout units could become combat ready faster if the integration took place at the battalion or company level, as opposed to the brigade level. Consequently, the committee recommends a test of the RAND proposal.

The committee recognizes that retaining twelve active division headquarters could be more expensive and could require more active combat personnel than the BUR structure. One way to cope with a personnel shortfall would be to convert one of the eight proposed active divisions into a roundout division. A better way would be to move behind-the-lines personnel to combat unit positions. Section 374 of the bill would provide that thousands of military support personnel be replaced by civilians, thus freeing them for combat units.

The committee also recognizes that its proposal could be more expensive than the BUR recommendations. Because guard brigades are less expensive than active brigades, and fifteen are already programmed to be "enhanced" under the BUR, the committee does not believe the cost differential would be significant. In any case, more roundout divisions could be included in the twelve division structure to offset added costs. Nevertheless, without a more detailed analysis, it is not possible for the committee to assert that its recommended Army structure could be sustained within the Administration's projected defense budget levels. Consequently, the committee intends to task the Comptroller General to compare the costs of structuring the Army under the BUR recommendations with the costs of the committee proposal.

Many observers of the security environment emerging in the aftermath of the Cold War will see some risk in the force structure recommended by the committee. It would be better to possess the military capability to respond with overwhelming force to two major regional conflicts simultaneously. The choice is not, however, between a fully adequate force structure to meet two regional crises and the force structure recommended by the committee. The choice is between an Army configured to expand to meet the entire range of future challenges through reliance on the reserves and an all-active Army constituted such that responsible national leadership could not commit it to two major conflicts simultaneously because to do so would risk disaster if everything did not go precisely as planned.

SUBTITLE B-RESERVE FORCES

SECTION 411-END STRENGTHS FOR SELECTED RESERVE

The President's budget would reduce selected reserve end strength by 46,803 (including the Coast Guard Reserve) during fiscal year 1995. The committee recommends approval of the budget request, except for the Coast Guard Reserve. The committee recommends the restoration of 1,000 of the Coast Guard Reserve end strength reduction.

The following table summarizes the committee's actions with respect to selected reserve end strengths:

SELECTED RESERVE END STRENGTH FOR FISCAL YEAR 1995

Service	Fiscal year 1994 program	Fiscal year 1995 request	Fiscal year 1995 committee recommendation	Change from fiscal year 1995 request	Change from fiscal year 1994 program
ARNG	410,000	400,000	400,000	0	(10,000)
USAR	260,000	242,000	242,000	0	(18,000)
USNR	113,400	100,710	100,710	0	(12,690)
USMCR	42,200	42,000	42,000	0	(200)

ANG	117,700	115,581	115,581	0	(2,119)
USAFR	81,500	78,706	78,706	0	(2,794)
Coast Guard	8,000	7,000	8,000	1,000	0
Total	1,032,800	985,997	986,997	1,000	(45,803)

SECTION 412-END STRENGTH FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES

The President's budget contained an end strength reduction of 3,282 for reservists on active duty in support of the reserve components. The committee recommends approval of the budget request. The following table summarizes the committee's actions with respect to the full time support personnel:

FULL-TIME SUPPORT END STRENGTH FOR FISCAL YEAR 1995

Service	Fiscal year 1994 program	Fiscal year 1995 request	Fiscal year 1995 committee recommendation	Change from fiscal year 1995 request	Change from fiscal year 1994 program
ARNG	24,180	23,650	23,650	0	(530)
USAR	12,542	11,940	11,940	0	(602)
USNR	19,369	17,510	17,510	0	(1,859)
USMCR	2,285	2,285	2,285	0	0
ANG	9,389	9,098	9,098	0	(291)
USAFR	648	648	648	0	0
TOTAL	68,413	65,131	65,131	0	(3,282)

SECTION 413-ACTIVE COMPONENT MEMBERS TO BE ASSIGNED FOR TRAINING COMPATIBILITY WITH GUARD UNITS

This section would amend section 1132 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484) by changing the date for the Army to assign 3000 non-commissioned officers and warrant officers to the pilot program for active component support of the reserves from the beginning of fiscal year 1995 to the beginning of fiscal year 1997.

The committee believes that the Army could and should have implemented the pilot program much more quickly. The fact that it did not, coupled with the continuing complaints about the drain in the program exacts on active combat divisions, suggest that the Army leadership continues to misconstrue the fundamental importance of the reserve components to fielding sufficient combat strength to implement the national military strategy.

ITEMS OF SPECIAL INTEREST

RESERVE COMPONENT FULL-TIME MANNING

The committee is concerned that new missions are being placed in the national guard and reserves without additional resources. Many of these new missions require increased full-time manning to meet mission requirements. Two recent examples are the change of the 1st Air Force headquarters from the active Air Force to the Air National Guard, and the change of the Operational Support Airlift mission from the active Army to the Army National Guard. The committee, however, has not had the flexibility to adjust or increase full-time manning authorizations due to personnel account dollar limitations.

In order to fully analyze the full-time manning requirements, the committee directs the Secretary of Defense to study and report the full-time manning requirements, the current authorizations and the projected

requirements for the current and projected missions assigned to the national guard and reserves. The Secretary of Defense shall submit the report to the Committees on Armed Services of the Senate and the House of Representatives not later than February 1, 1995. The committee expects any recommendations and/or required adjustments to the full-time manning authorization to be included in the fiscal year 1996 budget submission.

ARMY ACTIVE COMPONENT AND RESERVE COMPONENTS OFFSITE AGREEMENT

The committee recognizes the historic implications of the offsite agreement between the Army, Army National Guard, and the Army Reserve. The committee has some reservations about readiness and is concerned about the Agreement's near term costs. Nevertheless, this plan will ultimately save taxpayers many dollars and will significantly diminish the costly turbulence that is undermining Army reserve component readiness. As the restructuring takes place, the committee remains concerned about the trained and motivated soldiers in the affected units. To prevent the loss of highly trained Army Reserve and Army National Guard soldiers, the committee urges the Army to maximize its retention of trained Army Reserve and Army National Guard personnel by incorporating them into receiving guard and reserve units to every extent practicable.

NAVAL SELECTED RESERVE END STRENGTH

The committee notes that the budget request for fiscal year 1995 includes significant reductions in Naval Reserve end strength and force structure, including the disestablishment of one of the two Naval Reserve carrier air wings. This is the second consecutive year that the budget request has provided Naval Reserve reductions that are proportionately larger than the active Navy reduction.

The committee notes that the study of roles and missions for the Naval Reserve being conducted by the Assistant Secretary of Defense for Reserve Affairs has not yet been completed. The committee is concerned that any further reductions in the Naval Reserve should be consistent with the results of the roles and missions study and will closely monitor the study's progress prior to final resolution of the fiscal year 1995 end strength level for the Naval Reserve.

SUBTITLE C-MILITARY TRAINING STUDENT LOADS

SECTION 421-AUTHORIZATION OF TRAINING STUDENT LOADS

The committee recommends approval of the training student loads contained in the President's budget. The following table summarizes the committee's action:

MILITARY TRAINING STUDENT LOADS FOR FISCAL YEAR 1995

Service:	Committee recommendation
Army	69,420
Navy	43,064
Marine Corps	25,377
Air Force	36,840
Total	174,701

SUBTITLE D-AUTHORIZATION OF APPROPRIATIONS

SECTION 431-AUTHORIZATION FOR APPROPRIATIONS FOR MILITARY PERSONNEL

This section would limit the amount authorized to be appropriated for military personnel to \$71,086,397,000, an increase of \$611,000,000 above the budget request.

TITLE V-MILITARY PERSONNEL POLICY

SUBTITLE A-OFFICER PERSONNEL POLICY

SECTION 501-AUTHORITY FOR OFFICERS TO SERVE ON SUCCESSIVE PROMOTION BOARDS

This section would amend section 612(b) of title 10, United States Code, to authorize the Secretary of the military department concerned to approve officers to serve as members on successive selection boards convened under section 611(a) of title 10, United States Code, for the consideration of officers of the same competitive category and grade if the second board does not consider the same officer or officers from the first board.

SECTION 502-ARMY FIELD GRADE OFFICER STRENGTH LIMITATIONS

This section would amend section 523 of title 10, United States Code, to authorize a revision in the strength limitations for Army commissioned officers on active duty in the grades of major and lieutenant colonel.

The committee expects the Army to use the increase in field grade officers to enhance its ability to send officers to Professional Military Education schools and to facilitate meeting the objective of assigning 5,000 members of the active component in support of the reserves as required by section 414 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190), as modified by section 1122 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484).

SECTION 503-TECHNICAL CHANGES TO PROVISION ENACTED BY WARRANT OFFICER MANAGEMENT ACT

This section would amend the Warrant Officer Management Act (WOMA), established by section 1112 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190), to make certain sections consistent with parallel sections applicable to commissioned officers other than warrant officers. This section would also remove inconsistent language in certain sections and would make the provisions in Chapter 33A of title 10, United States Code, applicable to retired warrant officers who are recalled to active duty.

SECTION 504-NAVY AND MARINE CORPS LIMITED DUTY OFFICERS

This section would amend section 5589 of title 10, United States Code, to permit the original appointment of temporary limited duty officers (LDO) as Permanent LDOs and would allow LDOs serving on active duty pursuant to a temporary appointment to be given an original appointment to the Regular Navy or Regular Marine Corps as an LDO with the same grade and date of rank as they held pursuant to their temporary appointment.

SECTION 505-RETIREMENT OR ENLISTMENT OF CERTAIN LIMITED DUTY OFFICERS OF THE NAVY AND MARINE CORPS

This section would amend section 6383 of title 10, United States Code, to establish a similar right to achieve retirement eligibility for limited duty officers of the Navy and Marine Corps as now exists for those officers who are not designated for limited duty and for warrant officers. This section also would provide clear authority for enlistment in a grade determined by the Secretary if a limited duty officer, having twice failed selection, was not within two years of achieving retirement eligibility. Finally, this provision would terminate the current option of reversion to a warrant officer grade as now provided in section 6383 to title 10, United States Code.

SECTION 506-TEMPORARY EXCLUSION OF SUPERINTENDENT OF NAVAL ACADEMY FROM COUNTING TOWARD NUMBER OF SENIOR ADMIRALS AUTHORIZED TO BE ON ACTIVE DUTY

The Naval Academy has experienced a cheating incident that involved a significant portion of its entire 1994 graduating class. The Navy Inspector General report on the incident questioned the dedication of large numbers of midshipmen to the Academy's honor system. The committee agrees with the Secretary of the Navy

that the Academy needs strong, steady leadership by an officer who embodies the highest ideals of the Academy.

This section would make it possible for the Navy to assign such an officer to head the Academy by authorizing the appointment of a four-star officer to be the superintendent of the Naval Academy. The provision would apply only to the next superintendent.

SECTION 507-GRADE OF HEADS OF CERTAIN PROFESSIONAL MILITARY EDUCATION SCHOOL HEADS

The committee is concerned that as the armed forces are reduced, including the number of general officers, there will be attempts to dilute professional military education. It is precisely during these times of retirement that the armed forces should place greater emphasis on professional military education.

Accordingly, this section would require that the president of the National Defense University shall remain a lieutenant general or vice admiral, and that the heads of the National War College and the Industrial College of the Armed Forces shall remain major generals or rear admirals. The section also would require that the head of the Armed Forces Staff College hold the rank of major general or rear admiral, as was once the case. Finally, the section would require that the head of the Army War College, Naval War College, and Air University hold the rank of major general, rear admiral or a higher rank.

SUBTITLE B-RESERVE COMPONENT MATTERS

SECTION 511-SELECTED RESERVE ACTIVATION AUTHORITY

Two sections of current law provide authority for less than full mobilization:

(1) Section 673b of title 10, United States Code, often called the Presidential call-up authority, permits the president to authorize the Secretary of Defense to activate units and individual mobilization augmentees of the Selected Reserve for an operational mission for up to 90 days. The call-up authority is limited to not more than 200,000 members of the Selected Reserve on active duty at any one time. The call-up may be extended for an additional 90 days.

(2) Section 673 of title 10, United States Code, often called the partial mobilization authority, permits the Secretary of Defense, in the event of a national emergency declared by the President, to activate up to 1,000,000 members of the Ready Reserve, composed of both the Selected Reserve and the Individual Ready Reserve, for up to two years.

History of call-up authority

As enacted by Congress in 1976, section 673b was intended to give the President the flexibility to respond to a crisis requiring a measured military response without declaring a national emergency that might be premature or provocative. The limited call-up authority was designed to enhance the viability of the reserves in the Total Force by enabling the Department of Defense to assign support missions to the reserves with the expectation that they could be called into action in situations short of a national emergency.

Originally, section 673b authorized the call-up of 50,000 Selected Reservists for 90 days. Over time, Congress expanded that authority to 100,000 and then to 200,000, along with a 90-day extension of the original 90-day authority. Until Operation Desert Shield, the Executive Branch had not used the measured response authority provided by section 673b, relying instead on active duty assets and reserve volunteers for operations like Grenada, Panama, and minesweeper requirements during the Kuwaiti tanker reflagging.

Persian Gulf war

For the Persian Gulf War, the President exercised his 673b Presidential call-up by providing authority to the Secretary of Defense on August 22, 1990, three weeks after the Iraqi invasion of Kuwait. The Secretary of Defense implemented the call-up incrementally. Initially, the services were authorized only 48,800 Selected Reservists out of the 200,000 permitted by law. The ceiling was gradually increased.

In November 1990, due to concern about the Department's decision not to activate three national guard combat brigades because of the 90-day limitation, Congress approved a one-time expansion of the call-up authority. Section 8231 of the Defense Appropriations Act for Fiscal Year 1991 (Public Law 101-511)

increased the call-up authority for the initial period of service to 180 days with an extension for an additional 180 days. Section 8132 provided this extension specifically for the purpose of ordering combat forces to active duty in support of operations in and around the Arabian Peninsula and Operation Desert Shield.

Subsequently, on January 18, 1991, the President exercised the partial mobilization authority provided by section 673 of title 10, United States Code, which authorized the activation of 1,000,000 members of the Ready Reserve for up to two years.

Authorization request

The legislative proposal for fiscal year 1995 proposed two statutory changes to the current Presidential call-up authority contained in section 673b of title 10, United States Code:

(1) An increase in the Presidential call-up authority for the initial period of service from 90 days to 180 days and an increase in the extension period from an additional 90 to an additional 180 days.

(2) Authority that the President could delegate to the Secretary of Defense to call up to 25,000 Selected Reservists to active duty.

Committee recommendation

The committee recommends approval of the requested increase for the initial period of service from 90 days to 180 days and the increase in the extension period from an additional 90 to an additional 180 days.

The committee recommends a modification to the 25,000 call-up authority. The committee modification would permit the President, if the President determines that augmentation of the active forces may be necessary for an operational mission that the President authorizes to be carried out, to, on or after the date of that mission authorization, provide authority to the Secretary of Defense to call up to 25,000 Selective Reservists to active duty.

SECTION 512-RESERVE GENERAL AND FLAG OFFICERS ON ACTIVE DUTY

This section would amend section 526 of title 10, United States Code, to authorize sixteen reserve component general and flag officers to serve on active duty. The authorizations for reserve component officers would be within the total number of general and flag officers authorized for each military service and would be allocated as follows:

- Army National Guard, 3 general officers;
- Army Reserve, 3 general officers;
- Naval Reserve, 3 flag officers;
- Air National Guard, 3 general officers;
- Air Force Reserve, 3 general officers.

In addition, this section would authorize a reserve general officer as the military executive to the Reserve Forces Policy Board.

SECTION 513-DEFINITION OF ACTIVE GUARD AND RESERVE DUTY

This section would amend section 101 of title 10, United States Code, to provide a definition of the term "active Guard and Reserve duty."

SECTION 514-REPEAL OF OBSOLETE PROVISIONS PERTAINING TO TRANSFER OF REGULAR ENLISTED MEMBERS OF THE RETIRED RESERVE

This section would repeal the provisions of sections 3914 and 8914 of title 10, United States Code, which require that regular enlisted members who retire from active service become a member of the Army Reserve or Air Force Reserve until the member's total service, including such reserve service, reaches 30 years. Section 688 of title 10, United States Code, provides that a retired member of the Regular Army, Regular Navy, Regular Marine Corps, or Regular Air Force, a member of the Retired Reserve, Fleet Reserve or Fleet Marine Corps Reserve may be ordered to active duty by the Secretary of the military department concerned at any time.

SECTION 515-GUARD AND RESERVE TRANSITION INITIATIVES

This section would amend title 10, United States Code, to modify the program of guard and reserve transition initiatives enacted by the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484) to ensure the effective operation of these initiatives through the life of the program.

ITEM OF SPECIAL INTEREST

STUDY ON FEASIBILITY OF RESERVE COMPONENT PERSONNEL SERVING AS JROTC INSTRUCTORS

The committee has long recognized the importance of the Junior Reserve Officer Training Corps (JROTC) and supported its mission to instill in students the value of citizenship, service to the United States, personal responsibility, and a sense of accomplishment. In an effort to extend the opportunity to participate in JROTC to the maximum number of high school students, section 533 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484) increased the number of JROTC units from 1,600 to 3,500.

Staffing of these JROTC units is critical to mission accomplishment and the committee supports the continued use of retired military personnel for instructors and staff. However, under current practice reserve personnel who are retired but not drawing retired pay are not eligible to serve as JROTC instructors. The committee believes that these retired members of the guard and reserve provide a substantial pool of qualified personnel who would bring a unique perspective to the JROTC program.

Therefore, the committee directs the Secretary of Defense to conduct a study of the feasibility of allowing retired reserve component personnel who are not yet eligible to receive retired pay to participate as JROTC instructors. At a minimum, this study should address eligibility requirements, the need for changes in regulations or statute, and whether a separate pay formulation method would be required for retired reservists. The committee directs the Secretary of Defense to report on this study and provide a legislative proposal for implementing such a program not later than March 1, 1995.

SUBTITLE C-OTHER MATTERS

SECTION 521-REPEAL OF REQUIRED REDUCTION IN RECRUITING PERSONNEL

This section would repeal section 431 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484), which required a 10 percent reduction in the number of recruiters by the end of fiscal year 1994.

SECTION 522-COAST GUARD FORCE REDUCTION TRANSITION BENEFITS

The National Defense Authorization Acts for Fiscal Year 1991 (Public Law 101-510), Fiscal Years 1992 and 1993 (Public Law 102-190), and Fiscal Year 1993 (Public Law 102-484) authorized a variety of personnel readjustment benefits to assist individuals who are involuntarily separated from the services and to encourage the voluntary separation of other selected individuals. This section would extend eligibility for those programs to members of the Coast Guard for the force reduction period.

SECTION 523-EXTENSION OF WARRANT OFFICER MANAGEMENT ACT TO COAST GUARD

The National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) contained the Warrant Officer Management Act (WOMA), a comprehensive and uniform system for the appointment, promotion, separation, and retirement of warrant officers. At that time, the conferees noted that the WOMA provisions did not apply to Coast Guard warrant officers and left it to the Coast Guard to request inclusion. Having now received that request, this section would make the required amendments to titles 10 and 14, United States Code, to include Coast Guard warrant officers under the provisions of WOMA.

SECTION 524-AUTHORIZED ACTIVE DUTY STRENGTHS FOR ENLISTED MEMBERS IN PAY GRADE E-8

This section would amend title 10, United States Code, to provide a new authorized daily average number of enlisted members on active duty (other than for training) in the Army in pay grade E-8 in a calendar year.

SECTION 525-REIMBURSEMENT FOR CERTAIN LOSSES OF HOUSEHOLD EFFECTS DURING PCS MOVES

This section would authorize the service Secretaries to reimburse servicemembers who sustain a loss of household effects during a permanent change of station move when the loss was caused by a hostile action. Reimbursement would be authorized only to the extent that the servicemember's loss was not compensated by insurance or as the result of the operation of another provision of law.

SECTION 526-VICTIMS' ADVOCATES PROGRAMS IN DEPARTMENT OF DEFENSE

The section would direct the Department of Defense to establish a victim's advocate program in each of the military services.

The need for victim's advocates throughout the Department was determined by the testimony the committee received from victims of sexual harassment and from professional experts in the field regarding the bureaucratic, legal and institutional obstacles confronting victims. In establishing a victim's advocate program, the committee recommends that the services build upon the experience of the United States Marine Corps. The Marine Corps has established a victim's advocate program within its Family Advocacy Program to serve the interests of victims of physical and sexual abuse, sexual harassment and unlawful discrimination.

SECTION 527-PROHIBITION OF RETALIATORY ACTION AGAINST MEMBERS OF THE ARMED FORCES MAKING ALLEGATIONS OF SEXUAL HARASSMENT OR UNLAWFUL DISCRIMINATION

Based on testimony received by the committee during fiscal year 1995 hearings and from interviews with military personnel during staff visits of the House Armed Services Committee Task Force on Equality of Treatment and Opportunity in the Armed Services, the committee concluded that the Department of Defense has no effective system to protect individuals who report sexual harassment or unlawful discrimination from reprisals. This section would amend title 10, United States Code, to provide those who report sexual harassment or unlawful discrimination (including discrimination on the basis of race, color, religion, sex, or national origin) with protections from retaliatory adverse personnel actions similar to those that currently exist in statute for military whistleblowers (section 1034 of title 10, United States Code.) In particular, this section would:

- (1) Prohibit retaliatory personnel actions against members who report sexual harassment or unlawful discrimination through established procedures, including the chain-of-command;
- (2) Require an Inspector General investigation of allegations of such retaliatory actions;
- (3) Require a report of this investigation to the Secretary of Defense and to the member who made the allegation; and
- (4) Provide a mechanism for the correction of military records in the event the allegation of retaliation is sustained.

SECTION 528-ANNUAL REPORT ON PERSONNEL READINESS

This section, reflecting the committee's past difficulties in gathering data, and building upon specific data shortcomings identified by both the General Accounting Office and the Presidential Commission on the Assignment of Women in the Armed Forces, would require the Secretary of Defense to collect data and report it annually, starting in fiscal year 1996, on specific recruiting, retention and readiness issues related to gender and race.

SECTION 529-PROGRAMS RELATED TO DESERT STORM MYSTERY ILLNESS

This section would direct several actions to correct or improve the ineffective, uncoordinated and inattentive treatment being provided to sick active duty veterans of the Persian Gulf war by the Department of Defense.

The committee understands that each of the military services has taken some action to inform active duty service members and their families about Persian Gulf-related illnesses. Nevertheless, the committee received testimony by active service members that information concerning the illness, as well as procedures for registering with the Persian Gulf War Veterans Health Surveillance System, is not widely available to veterans. Therefore, this section would direct the Secretary of Defense to begin a comprehensive outreach program to inform Persian Gulf veterans and their families on a range of matters related to the illness and to encourage personnel to register with the Department.

The committee also received testimony that indicates an institutional bias against those suffering from Persian Gulf-related illnesses. The committee is concerned that this bias is preventing active duty service personnel from coming forward for treatment and subject the those who do come forward to unnecessary stress and humiliation. Building upon the precedent established in 1993 by Public Law 103-210 which provided the Department of Veterans Affairs with expanded authority to treat persons based upon a presumption that the veteran was sick as a result of Persian Gulf service, this section would direct the Secretary of Defense to make a related service-connection presumption for sick active duty Persian Gulf veterans. The section also would require that active duty servicemembers be presumed to be suffering from the Persian Gulf illness unless another specific medical diagnosis is made.

The section would further direct the Secretary of Defense, in coordination with the Secretary of Veterans Affairs and the Secretary of Health and Human Services, to expedite the determination of a case definition of the Persian Gulf illness, and to revise disability criteria (thereby permitting the fair disability rating of active duty service personnel being discharged or retired by physical evaluation boards).

The committee learned that military physical evaluation boards, despite lacking a case definition and appropriate disability criteria, are discharging or retiring service members who are suffering from Persian Gulf-related illnesses and who are too sick to work. Moreover, the committee has also learned that the boards are either denying service connection, or are awarding either grossly low, unfair ratings or no disability rating at all. Without a disability rating, veterans are unlikely to receive a disability pension or government health care. With inaccurate or unfair ratings, former service members will be disadvantaged in seeking care from the Veterans Administration system which itself is struggling to cope with the Persian Gulf-related illnesses. The committee finds this situation unacceptable. Therefore, the section also would require the Secretary of Defense, under certain circumstances, to place active duty Persian Gulf veterans servicemembers, who are found unfit for service by a physical evaluation board, on the temporary disability retired list until suitable disability rating criteria for Persian Gulf-related illnesses can be developed.

Under normal circumstances, placement on the temporary disability retired list is not possible unless the physical evaluation board assesses at least a 30 percent disability. While the committee chose not to dictate a disability level for service personnel added to the temporary disability retired list by this section, the committee expects that individuals who are added would be awarded not less than 30 percent, and higher if require d. Furthermore, the committee reserves the right to dictate appropriate levels in the future.

The committee also understands that some servicemembers suffering from Persian Gulf-related illnesses have been discharged with no disability rating, even though they are sick and unable to work because of their Gulf War service. Therefore, the provision would direct the Secretary of Defense, in coordination with the Secretary of Veterans Affairs, to review the records of Persian Gulf veterans discharged or retired by a physical evaluation board. The purpose of the review is to reevaluate these cases against the newly established disability rating criteria for Persian Gulf-related illnesses and re-rate the disability, if appropriate.

Finally, the section would direct the Secretary of Defense to evaluate the feasibility of establishing one or more medical referral centers to provide uniform, thorough medical evaluations, patient management and treatment, clinician expertise and support, for primary care physicians in dealing with Persian Gulf War-related illnesses.

SECTION 530-UPGRADE OF ARMED FORCES STAFF COLLEGE WARGAMING AND OTHER CAPABILITIES

This section would require the Secretary of Defense to upgrade the capabilities and facilities of the Armed Forces Staff College, in particular the wargaming capability and the library, making them comparable to those at the Army, Navy, and Air Force professional military education schools.

SECTION 531-PROHIBITION ON IMPOSITION OF ADDITIONAL CHARGES OR FEES FOR ATTENDANCE AT CERTAIN ACADEMIES

This section would prohibit the imposition of any charge or fee for tuition, room or board for attendance at the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy.

SECTION 532-AUTHORIZATION FOR INSTRUCTION OF CIVILIAN STUDENTS AT FOREIGN LANGUAGE CENTER OF THE DEFENSE LANGUAGE INSTITUTE

This section would authorize the Secretary of the Army to establish a program terminating in 1997 to allow civilians to receive instruction at the Defense Language Institute. The institute offers outstanding language instruction. The committee believes that a test should be undertaken to determine whether the institute can benefit the private sector. The committee is mindful, however, that the purpose of the school is to produce trained military personnel. Consequently, the provision is completely discretionary; it leaves the decision on whether to conduct such a test, and what its scope might be, to the Secretary of the Army.

SECTION 533-SENSE OF CONGRESS ON THE APPROPRIATE DEPARTMENT OF DEFENSE FORCE STRUCTURE THROUGH 1997

This section would make a number of congressional findings followed by the sense of the Congress on the appropriate force structure and funding of the armed forces.

Congress would express its sense that funding for national defense for fiscal years 1995 through 1997 should be at a level sufficient to avoid a hollow force and that the United States should have not less than: 520,000 Army and 174,000 Marine personnel; 11 active and one reserve aircraft carriers; and 20 active and reserve Air Force fighter wings. Congress would also express its sense that the President should be willing to increase defense spending to meet new or existing threats.

SECTION 534-DISCHARGE OF MEMBERS WHO ARE PERMANENTLY NONWORLDWIDE ASSIGNABLE

This section would require that members of the armed forces who are classified as permanently nonworldwide assignable due to a medical condition be involuntarily separated from the service, either through retirement for those individual who are retirement eligible, or through discharge for all others. This provision would allow the service Secretary concerned to waive this required separation in the following cases: (1) the medical condition making the member nonworldwide assignable was incurred in combat or otherwise as a result of an action of the member for which the member received a decoration or other recognition for personal bravery; (2) the member has a specific proficiency or skill that is vital to the national security; or (3) any other circumstance that the Secretary considers to be for the good of the service.

ITEMS OF SPECIAL INTEREST

CLASSIFIED MILITARY RECORDS

The committee is concerned that certain military personnel records from the Department of Defense are being withheld from the Department of Veterans Affairs (DVA) due to their classified nature. The committee is aware of cases where veterans have been denied benefits by the DVA because their military records are classified. Access to a veteran's service records by DVA personnel is essential in order to establish a claim for service-connected disability.

The committee directs the Secretary of Defense to enter into a Memorandum of Understanding (MOU) with the Secretary of Veterans Affairs in order to develop and implement, within 12 months of enactment of this Act, a plan to process the claims of veterans whose military records may be classified. The MOU should specify that the Departments of Defense and Veterans Affairs will identify those elements contained in

classified records that may be necessary to develop a claim for VA benefits. The MOU should also specify that the Department of Veterans Affairs will, in conjunction with the Department of Defense, develop unclassified summaries of the relevant portions of the classified records so the DVA can fully adjudicate these benefit claims.

EXPANDING ROLES FOR WOMEN IN THE ARMED FORCES

The committee has had a longstanding interest in equalizing assignment opportunities for women in the armed forces. Two major steps towards that equalization were the repeal of the statutory restriction against women flying combat aircraft (contained in section 531 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190)) and the repeal of the statutory restriction against Navy and Marine Corps women serving onboard combatant vessels (contained in section 541 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160)). The committee is encouraged with the progress that has been made in implementing these changes in law.

The committee has not seen the proposed implementation instruction that prescribes how Army and Marine Corps women can be assigned under the new definition of direct ground combat. The committee hopes that these services have approached the matter in a way that will provide military women with expanded career opportunities without assigning them to units engaged in direct ground combat.

The committee notes that the Department of the Navy has been enthusiastic and innovative in its approach to implementing policies for the assignment of women to combatant aircraft and combatant vessels. The committee supports these efforts and commends the Navy leadership for its positive attitude. In addition, the committee notes the constructive actions the Department of the Navy has taken to begin the necessary task of eliminating sexual harassment. The committee commends the Navy leadership for making difficult, and sometimes unpopular personnel decisions in the resolution of certain high profile sexual harassment and reprisal cases. The committee hopes that the Navy leadership's commitment to expand career opportunities and eliminate sexual harassment will continue and that the sea services will carry on with their progress in this area.

NAVY TRIAL SERVICES COMMAND PROTOTYPE

The committee has been concerned about the organization of the military defense counsel system within the Naval Legal Services Command. The Army, Air Force, and Marine Corps each have established separate commands for defense counsel. Under these arrangements, legal officers are assigned as full-time defense counsel for a tour of duty, and their annual performance evaluations are written and endorsed by officials outside the chain of command for prosecutors. Most defense counsel offices in these services are located separately from the offices of prosecuting officials.

In contrast, in the Navy the commander of the Naval Legal Services Office ordinarily writes the fitness reports for both prosecutors and defense counsel, all of whom work for that commander. Moreover, attorneys who represent individuals before courts-martial in the Navy may also be assigned unrelated duties during the course of their tour at a Naval Legal Services Office. Attorneys who serve as prosecutors and defense counsel are, for the most part, co-located.

The committee believes that the separate chain of command system for defense attorneys employed by the Army, Air Force and Marines fosters an appearance of fairness and underscores the fact that defense counsel are not answerable to the officers responsible for convening the courts-martial that try their clients. The committee applauds the Navy for its recent decision to implement a Trial Services Command prototype project at Navy installations in the Southeast United States and looks forward to periodic updates on the progress of this initiative.

RESOURCING THE DEFENSE EQUAL OPPORTUNITY MANAGEMENT INSTITUTE TO MEET INCREASED DEMANDS

The committee believes that the Department of Defense has made progress toward the elimination of illegal discrimination only with the total commitment of its civilian and military leadership, constant training and education, continuous internal oversight, and the expenditure of adequate resources. These ingredients

remain germane today. Therefore, the committee supports and commends the Secretary of Defense's commitment to revitalize the Department's Equal Opportunity (EO) programs.

Among the Secretary's revitalization efforts is the mandate that all personnel receive equal opportunity training, and that all new members of the Senior Executive Service and general/flag officers receive two days of EO training.

To assist the revitalization, the Secretary has given additional responsibilities and missions to the Defense Equal Opportunity Management Institute (DEOMI). DEOMI, long the DOD center of excellence for equal opportunity and human relations training, translates increased awareness of issues into improved leadership. The DEOMI enhances combat readiness and unit cohesion by fostering positive human relations throughout a diverse armed forces. However, DEOMI has not been given the benefit of additional resources.

The committee is concerned that currently programmed funding and staffing levels at DEOMI will undermine both ongoing efforts and the Secretary's worthy initiatives. Accordingly, the committee urges the Secretary of Defense to increase DEOMI funding and staffing to meet the demands of its expanded mission.

HUMAN RIGHTS INSTRUCTION AT THE SCHOOL OF THE AMERICAS

During the past year serious questions have been raised about human rights abuses by graduates of the U.S. Army's School of the Americas (SOA). The United Nations Truth Commission linked at least 47 of the school's graduates to human rights abuses during the Salvadoran civil war. The committee is concerned that SOA instruction does not sufficiently emphasize respect for human rights and the proper functioning of the military in a democracy.

TITLE VI-COMPENSATION AND OTHER PERSONNEL BENEFITS

SUBTITLE A-PAY AND ALLOWANCES

SECTION 601-MILITARY PAY RAISES FOR FISCAL YEAR 1995

The budget request proposed a 1.6 percent military pay raise for fiscal year 1995. The committee has identified offsets elsewhere within the defense budget request for fiscal year 1995 sufficient to fund the full 2.6 percent pay raise authorized under current law.

The committee, therefore, recommends a 2.6 percent increase in basic pay, basic allowance for quarters and basic allowance for subsistence for military personnel.

SECTION 602-COST-OF-LIVING ALLOWANCE FOR MEMBERS OF THE UNIFORMED SERVICES ASSIGNED TO HIGH COST AREAS IN THE CONTINENTAL UNITED STATES

Members of the armed forces move around the country as a requirement of their service. Over a career, a servicemember is likely to be assigned to a variety of low, medium, and high-cost areas. Currently, military compensation is adjusted only to reflect differences in local housing costs; there is no pay element to compensate members stationed in the Continental United States (CONUS) for variations in nonhousing costs which have increased in the last 10 years.

The Seventh Quadrennial Review of Military Compensation (QRMC) found that CONUS nonhousing costs vary from 5 percent below to 19 percent above the national average. It is impossible for a servicemember to move from an average-cost to a high-cost area and suffer a more severe loss in purchasing power than would result from a reduction in rank. QRMC analysis further showed that once a member is assigned to one of the very high cost areas, he or she has little chance of offsetting the loss in buying power through subsequent moves to low-cost areas.

During manpower budget overview hearings this year, the committee heard repeated testimony about the financial hardships experienced by servicemembers in high-cost locations, particularly recruiters and others members assigned to independent duty that placed them at considerable distance from the nearest on-base facilities.

Therefore, the committee recommends in section 602 the establishment of a CONUS COLA to partially defray the added nonhousing costs incurred by servicemembers assigned to high-cost areas, effective July 1, 1995.

SECTION 603-INCREASE IN SUBSISTENCE ALLOWANCE PAYABLE TO MEMBERS OF SENIOR RESERVE OFFICERS' TRAINING CORPS

This section would amend title 37, United States Code, to increase the monthly subsistence allowance for members of the Senior reserve Officers' Training Corps (ROTC) from the current level of \$100 per month to \$150 per month. This change in subsistence allowance would be effective September 1, 1995.

ITEMS OF SPECIAL INTEREST

TAXATION OF MOVING ALLOWANCES

The committee is very concerned about the potential impact of the Revenue Reconciliation Act of 1993 (Public Law 10366) on the taxability of reimbursements made to active duty service members for out-of-pocket expenses they incur when moving from one duty station to another on government orders. The committee recognizes that the authors of the Revenue Reconciliation Act intended to treat government workers like those in the private sector. The unintended effect, however, will be to severely penalize the nation's soldiers, sailors, airmen and marines.

The overwhelming majority of private sector employees and Federal civil servants who make business-related moves are white collar professionals. These individuals were undoubtedly the target of the restrictions included in the Reconciliation Act on the types of moving expenses that may be deducted. Unfortunately, in the case of military personnel, the overwhelming majority of those who will be affected are blue collar workers-the enlisted personnel who are the backbone of the force. Such a person might be a Navy petty officer second class (pay grade E5) with a wife and child who is being assigned to Naples, Italy. This young sailor has probably just come off a sea duty tour and is looking forward to a shore assignment with his family. Due to the acute shortage of housing, this petty officer and his family may have to live in temporary lodging for two or three months before the sailor can find a safe and affordable place to live-a daunting task in many overseas locations.

Now, as a result of the Revenue Reconciliation Act, the travel allowances paid to this second class petty officer to offset the cost associated with a government-ordered move will likely be deemed to be taxable, nearly doubling the sailor's taxable income. One potential solution would be to increase the travel allowances in order to offset much of the increased tax liability. In the end, however, this option will cost the government more than the savings assumed in the tax law change. In addition, the many junior enlisted personnel who normally file a 1040 EZ will probably now need to hire a tax accountant just to complete their tax returns.

Not surprisingly, news of the tax law change has created great distress and considerable uncertainty for many military families. The committee believes it is imperative to find either a legislative or an administrative solution to the problem as expeditiously as possible in order to protect the morale and welfare of the nation's young men and women in uniform.

UNIFORM APPLICATION IN PAYMENT OF BASIC ALLOWANCE FOR SUBSISTENCE

In its August 1992 report, the Seventh Quadrennial Review of Military Compensation noted that "the BAS [basic allowance for subsistence] and the administrative system governing its operation are today unnecessarily complex, often misunderstood, and often perceived as inequitable." Operation Desert Storm underscored that perception of inequity when, during the deployment, many servicemembers were provided rations and thus had their BAS terminated. The problem has been further exacerbated by the services' different policies for paying BAS to servicemembers taking part in the same operation or deployment.

Although the committee is pleased that the Secretary of Defense is moving to address the discrepancies in service policies, the committee remains concerned about the need to ensure uniform application. Therefore, the committee directs the Secretary of Defense to prescribe regulations to ensure that the service Secretaries take a uniform approach in the payment of BAS to similarly situated individuals serving in a deployed status.

The committee further directs the Secretary of Defense to provide a report to the Committees on Armed Services of the Senate and House of Representatives not later than February 1, 1995, that evaluates the current BAS system and provides any recommended modifications. As a part of this report, the committee

expects the Secretary to evaluate the options reviewed by the Seventh Quadrennial Review of Military Compensation.

REPORT ON BASIC ALLOWANCE FOR QUARTERS AND VARIABLE HOUSING ALLOWANCE FOR MEMBERS ASSIGNED TO SEA DUTY.

The committee is concerned about how the complex Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA) system is applied to members of the Navy and Marine Corps without dependents who are assigned to sea duty. The committee is also concerned about the perceived inequity on the part of many of those servicemembers.

Therefore, the committee directs the Secretary of Defense to conduct a comprehensive study and submit a report on a plan to provide consistent and uniform treatment in the payment of BAQ and VHA to all servicemembers, regardless of their service. In preparing this report, the Secretary should provide an evaluation of housing allowance options reviewed by the Seventh Quadrennial Review of Military Compensation in its August 1992 report. The committee further directs the Secretary of Defense to submit a legislative proposal to implement this plan. This report and legislative proposal should be submitted to the Committees on Armed Services of the Senate and the House of Representatives not later than March 1, 1995.

SUBTITLE B-BONUSES AND SPECIAL AND INCENTIVE PAYS

SECTION 611-INCREASE IN AUTHORIZED INCENTIVE SPECIAL PAY FOR CERTIFIED REGISTERED NURSE ANESTHETISTS

This section would amend title 37, United States Code, to increase the annual incentive special pay for military Certified Registered Nurse Anesthetists from the currently authorized maximum annual payment of \$6,000 to a maximum of \$15,000 to allow the Department of Defense to compete effectively for this critical professional resource.

SECTION 612-EXTENSION OF AUTHORITY FOR PAYMENT OF AVIATION OFFICER RETENTION BONUS

Current law authorizes a retention bonus to be paid to career aviation officers who extend their time on active duty for at least one year. This authorization expires on September 30, 1994. This section would extend this authority for one year to September 30, 1995.

ITEM OF SPECIAL INTEREST

CLARIFICATION OF PAYMENTS OF SSB/VSI

In an effort to provide an attractive incentive to non-retirement eligible military personnel to voluntarily leave the Armed Services during the drawdown, the committee established the Special Separation Benefit (SSB) and the Voluntary Separation Incentive (VSI) programs. The committee saw both programs as being similar in purpose to private sector and Federal civilian buyout incentives. Therefore, the committee consciously made both programs more attractive than the long standing benefits provided to persons who were involuntarily separated from the service. At the same time, the committee sought to avoid the SSB/VSI programs being viewed by service members as a new early retirement benefit. The committee did this principally by limiting post-service benefits, such as military medical care, available to VSI/SSB recipients.

The committee provides this clarification to divorced and divorcing members of the uniform services to enable the SSB/VSI payments to be more effectively treated in a manner consistent with the laws of the state having jurisdiction over the member and the divorce proceedings.

SUBTITLE C-TRAVEL AND TRANSPORTATION ALLOWANCES

SECTION 621-CHANGE IN PROVISION OF TRANSPORTATION INCIDENT TO PERSONAL EMERGENCIES FOR MEMBERS STATIONED OUTSIDE THE CONTINENTAL UNITED STATES

This section would amend title 37, United States Code, to allow funded travel for members of dependents located outside the Continental United States from their location to the nearest international airport, and from the airport back to the point of departure.

SECTION 622-CLARIFICATION OF TRAVEL AND TRANSPORTATION ALLOWANCE OF FAMILY MEMBERS INCIDENT TO SERIOUS ILLNESS OR INJURY OF MEMBERS

This section would amend title 37, United States Code, to clarify that the travel and transportation allowances for family members of a seriously ill or injured service member remain in effect, whether or not electrical brain activity still exists or brain death has been declared.

SUBTITLE D-RETIRED PAY AND SURVIVOR BENEFITS

SECTION 631-ELIMINATION OF DISPARITY BETWEEN EFFECTIVE DATES FOR MILITARY AND CIVILIAN RETIREE COST-OF-LIVING ADJUSTMENTS FOR FISCAL YEAR 1995

As a result of the Omnibus Budget Reconciliation Act of 1993 (Public Law 10366), the payment date for both Federal civilian and military retiree cost-of-living adjustments (COLAs) was delayed from January until April 1994. After fiscal year 1994, however, the timing for payment of COLAs to the two groups of Federal retirees will be different for the remaining four-year period covered by reconciliation. In fiscal year 1995, Federal civilian retirees will receive their COLAs in April, while military retiree COLAs will be delayed until October. This problem arises because the Budget Resolution for fiscal year 1994 required a substantially higher level of mandatory spending or "entitlement program" savings to be achieved from the military retirement program than from the Federal civilian retirement program.

The committee is very concerned about the disparity between these two groups of Federal retirees who under current law, without last year's reconciliation action, would receive cost-of-living adjustments to their retired pay on the same schedule. To deal with the immediate impact of this inequity, the committee has identified non-readiness related funding elsewhere in the Defense budget request to move the 1995 COLA payment date from October back to April, conforming it to the Federal civilian COLA timing. In addition, the committee will seek to work through the budget process to find a solution to the disparate COLA payments dates for fiscal years 1996, 1997, and 1998.

SECTION 632-CLARIFICATION OF CALCULATION OF RETIRED PAY FOR OFFICERS WHO RETIRE IN A GRADE LOWER THAN THE GRADE HELD AT RETIREMENT

This section would amend section 1401a(f) of title 10, United States Code, to correct the unintended effect which permits certain commissioned officers of the armed forces to receive retired pay in a grade higher than the grade in which they were retired.

SECTION 633-CREDITING OF RESERVE SERVICE OF ENLISTED MEMBERS FOR COMPUTATION OF RETIRED PAY

This section would amend title 10, United States Code, to provide equitable treatment, in comparison to officers, for enlisted members retiring after 20 or more years (or during the force drawdown transition period, after 15 or more years) by providing for the crediting of inactive duty performed while a member of the reserve component.

SECTION 634-MINIMUM REQUIRED RESERVE SERVICE FOR ELIGIBILITY FOR RETIRED PAY FOR NONREGULAR SERVICE DURING FORCE DRAWDOWN PERIOD

This section would amend title 10, United States Code, to change the minimum required reserve service for eligibility for retired pay from eight to six years during the force drawdown period. This temporary reduction in the minimum required service is applicable for individuals with at least 20 years of service who would otherwise qualify for retired pay under section 1332 of that title or who would otherwise qualify for early retirement under section 1332a. This reduction in the minimum required reserve service would remain in effect until September 30, 1999.

SECTION 635-SBP PREMIUMS FOR RESERVE-COMPONENT CHILD-ONLY COVERAGE

This section would amend title 10, United States Code, in order to clarify the mechanism for payment of premiums for individuals who select a reserve component, child-only election. This amendment would allow the pay of a retired member to be reduced, although there is no child eligible to receive the annuity at the time the member reaches age 60 and begins to draw retired pay. This provision would also provide the Secretary of Defense the authority to prescribe regulations for various payment options such as: (1) a lump sum payment at age 60, or (2) payment over the number of years the participant's children were actually eligible to receive benefits; or (3) for a fixed period of time such as five or 10 years.

SECTION 636-DISCONTINUATION OF INSURABLE INTEREST COVERAGE UNDER SURVIVOR BENEFIT PLAN

This section would amend title 10, United States Code, to allow individuals who had previously elected for non-former spouse insurable interest elections under the Survivor Benefit Plan to terminate participation if they so desire. Under current law, the member is unable to change the election once it is in place, regardless of whether the fiscal interest of the covered person has changed. This change to the plan would not apply to spouse and dependent child beneficiary elections.

ITEM OF SPECIAL INTEREST

STUDY OF SURVIVOR BENEFIT PLAN IMPROVEMENTS

The committee has received many recommendations from active and retired military members, Survivor Benefit Plan (SBP) beneficiaries, and military associations regarding possible improvements to the Survivor Benefit Plan. These recommendations address such diverse issues as perceived inequities in the computation of the Social Security offset, interface with other entitlements for survivors of retired reserve personnel, options for release from program participation, premiums for the new supplemental SBP program, and the eligibility of survivors of active duty deaths.

The committee believes it is necessary for the merits of these and other recommendations regarding the Survivor Benefit Plan to be thoroughly evaluated. Therefore, the committee directs the Secretary of Defense to convene a joint study group, in consultation with interested military associations, to identify and evaluate such proposals and recommend possible legislative changes. The Secretary of Defense shall submit the results of the study group to the Committees on Armed Services of the Senate and the House of Representatives not later than April 1, 1995.

SUBTITLE E-OTHER MATTERS

SECTION 641-AUTHORITY FOR SURVIVORS TO RECEIVE PAYMENT FOR ALL LEAVE ACCRUED BY DECEASED MEMBERS

This section would amend section 501(d) of title 37, United States Code, to authorize survivors of members of the uniformed services to receive a payment upon death for all leave accrued, regardless of the sixty-day career limitation.

ITEMS OF SPECIAL INTEREST

TRANSITION ASSISTANCE PROGRAM

The committee is concerned that less than 50 percent of separating service personnel are participating in Department of Labor (DOL) Transition Assistance Program (TAP) workshops. One reason is that sessions are not conducted overseas and are not conducted at all military installations in the United States. This makes TAP less accessible for many interested military personnel.

Therefore, the committee directs the Secretary of Defense, within six months of enactment of this Act, to enter into and implement a Memorandum of Understanding (MOU) with the Secretaries of Labor and

Veterans' Affairs that will make TAP sessions available on or within 100 miles of all domestic military installations that have more than 500 personnel. The MOU shall also include provisions to make a Department of Defense version of TAP, which is similar to the DOL TAP, available to all U.S. military personnel stationed overseas at sites with more than 500 personnel, either at their permanent overseas station, within 100 miles of their permanent overseas station, or upon their return home, prior to their date of discharge. If an individual cannot participate in a TAP workshop prior to separation due to time constraints, that individual should be allowed to participate in a TAP workshop within six months after separation at the closest military installation. The Secretary of Defense should also make additional facility resources available as necessary to support making TAP more accessible to separating military personnel.

In addition, the committee directs the Secretary of Defense to develop and provide, in consultation with the Secretaries of Labor and Veterans Affairs, additional materials and instruction at TAP sessions concerning veterans benefits. This information shall include, but not be limited to, information on benefits available to veterans of the Persian Gulf War, disabled veterans, and female veterans. These shall also include information on health and educational benefits available to all veterans.

MILITARY CHILD CARE

The committee remains concerned about maintaining quality military child care for preschool children. The committee is aware of the Sesame Street Preschool Education Program (PEP), a nationwide initiative which uses educational programming for interactive reading, for assisting families to become their children's first teachers, and for training day school providers to utilize visual arts and the media as educational tools. The committee urges the Secretary of Defense to evaluate Sesame Street PEP as a way to address issues of parental involvement, day care provider training, and developmentally appropriate related activities.

TITLE VII-HEALTH CARE PROVISIONS

SUBTITLE A-HEALTH CARE SERVICES

SECTION 701-REVISION OF THE DEFINITION OF DEPENDENTS TO INCLUDE YOUNG PEOPLE BEING ADOPTED BY MEMBERS OR FORMER MEMBERS

Section 702 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) revised the definition of the term "dependent" for the purposes of health care contained in section 1072 of title 10, United States Code, to include certain minors in the legal custody of a member or a former member of the armed forces. This section would further expand that definition to include individuals placed in the home of a member or former member by a state licensed placement agency for the purpose of adoption.

SECTION 702-TREATMENT OF CERTAIN DEPENDENTS AS CHILDREN FOR PURPOSES OF CHAMPUS, DEPENDENTS' DENTAL PROGRAM, AND CONTINUED HEALTH BENEFITS COVERAGE

This section would make conforming amendments to title 10, United States Code, to reflect changes to the definition of "dependent" for the purpose of medical care contained elsewhere in this bill and in the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160).

SECTION 703-AUTHORIZATION FOR MEDICAL AND DENTAL CARE FOR ABUSED DEPENDENTS OF CERTAIN MEMBERS

Section 1076(e) of title 10, United States Code, authorizes the abused dependents of service members who have been discharged as a result of a court-martial conviction for an offense involving abuse of a dependent, to receive medical and dental care in facilities of the uniformed services for injuries resulting from that abuse. This section would expand that authorization for medical and dental care for the abuse-related injury to the abused dependents of members of the uniformed services who are administratively discharged due to a conviction under military or civilian law relating to the abuse of the dependent.

SECTION 704-ADDITIONAL HEALTH CARE SERVICES AVAILABLE THROUGH THE MILITARY HEALTH CARE SYSTEM

This section would amend section 1077 of title 10, United States Code, to expand covered military health care to include the provision of voice prostheses, including mechanical hand-held voice prostheses.

SUBTITLE B-CHANGES TO EXISTING LAWS REGARDING HEALTH CARE MANAGEMENT

SECTION 711-EXPANDED USE OF PARTNERSHIP AND RESOURCE SHARING PROGRAMS FOR IMPROVED COST-EFFECTIVENESS

This section would amend title 10, United States Code, to enable civilian health care providers that the Secretary of Defense contracts with for the delivery of health care to covered beneficiaries to purchase services or supplies directly from the military treatment facility. Funds received by the facility for this purpose would be credited to the appropriation supporting the maintenance and operation of the facility. This section would also authorize the Secretary of Defense to pay for the state licenses required for uniformed services personnel to practice in civilian facilities under the Department of Defense External Partnership Program.

SECTION 712-IMPOSITION OF ENROLLMENT FEES FOR MANAGED CARE PLANS

The Department of Defense permits CHAMPUS-eligible beneficiaries who enroll in the health maintenance organization (HMO) option offered in current managed care programs to pay an enrollment fee in lieu of meeting the CHAMPUS deductible required by section 1086(b) of title 10, United States Code.

This section would permit the Secretary of Defense to offer Medicare-eligible beneficiaries the opportunity to pay a similar fee to enroll in a DOD managed care program.

SECTION 713-STRENGTHENING MANAGED HEALTH CARE AUTHORITIES

This section would strengthen the ability of the Department of Defense to implement effective managed health care programs in two ways. First, section 713(a) would amend section 1097 of title 10, United States Code, to facilitate the coordination of civilian network services and military hospital services by permitting the Department to establish reasonable preferences for care in military treatment facilities for beneficiaries who enroll in a managed care program under contract with the Department. Congress provided similar authority in section 715(e) of the National Defense Authorization Act for fiscal year 1993 (Public Law 102-484) for DOD's "Coordinated Care Program." In addition, this section would also allow coordination with other health care programs for DOD beneficiaries eligible for such programs. This authority would permit the Department to make arrangements with health maintenance organizations (HMOs) to which DOD beneficiaries belong in order to improve beneficiary health care choices.

Second, section 713(b) would amend DOD's third-party collection authority contained in section 1095 of title 10, United States Code, under which military hospitals collect from private insurance plans for care provided to DOD beneficiaries also covered by those plans. The amendment would allow military hospitals to make arrangements with civilian HMOs and similar plans, under which the HMOs may refer dually eligible beneficiaries for military treatment facility care on a reimbursable basis. In combination with the amendment contained in subsection (a), subsection (b) would allow, for example, an HMO to offer a combined managed care program, consisting of the civilian HMO network and preferential access to the military facility, with beneficiary out-of-pocket costs the same as those for other HMO enrollees. Because such arrangements could include HMOs open to DOD covered beneficiaries not eligible for CHAMPUS, this provision would improve beneficiary choices for managed health care programs. This subsection would also codify several provisions in current DOD regulations which disallow certain exclusions on third-party collections.

SECTION 714-DELAY IN DEADLINE FOR USE OF HEALTH MAINTENANCE ORGANIZATION MODEL AS OPTION FOR MILITARY HEALTH CARE

This section of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) directed the Secretary of Defense to prescribe and implement, not later than February 1, 1994, a health benefit option and cost-sharing requirements modelled on health maintenance organization (HMO) plans in the private sector and other government health insurance programs.

This section would extend the deadline from February 1, 1994, until December 31, 1994.

SECTION 715-LIMITATION ON REDUCTION IN NUMBER OF RESERVE COMPONENT MEDICAL PERSONNEL

Section 518(a) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484) established a floor on medical personnel in each reserve component at the September 30, 1992, level.

This section would amend section 518(a) to permit any reserve component to go below the floor if the Secretary of Defense certifies that the number of personnel to be reduced is excess to the current and projected needs of the military department. The Secretary's assessment of current and projected needs must be consistent with the wartime requirement for selected reserve personnel identified in the report to Congress required by section 733 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190). The committee intends that the wartime requirement for selected reserve medical personnel include the requirement to backfill deploying active component personnel if such requirement is planned.

ITEMS OF SPECIAL INTEREST

USE OF CONTRACTORS IN THE COLLECTION OF THIRD PARTY REIMBURSEMENT

The committee remains interested in the collection of third party reimbursement for care rendered in Department of Defense medical facilities. The committee urges the Secretary of Defense to fully utilize both the inpatient and outpatient collection authorities provided by the Deficit Reduction Amendments of 1985 (Public Law 99-272) and the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510). The committee notes that the Department of Defense is working with the Department of Veterans Affairs and the Department of Health and Human Services to define the national contract requirements for health care cost recovery services, including third party reimbursement. The committee understands that once this contract is in place, it will be available for individual organizations to purchase the services offered on a task/delivery order basis. The committee supports the maximum utilization of these contracted services once they are available and urges the Department to act expeditiously to enhance its third party collection capability.

Additionally, the committee believes there are two additional steps the Department can take to improve its third party collection efforts. First, military medical facilities and CHAMPUS should exchange information regarding beneficiaries who are known to have health insurance. Second, the Department should work with the Health Care Financing Administration to access information in the Medicare and Medicaid Coverage Data Bank, to be implemented in January 1995, that will identify individuals electing coverage under an employer's group health plan.

MENTAL HEALTH IN TIDEWATER

The committee remains committed to controlling the cost of mental health care while ensuring access to high quality services for DOD beneficiaries. The committee is pleased that the Department of Defense is continuing to make progress toward this goal.

During recent hearings on the medical budget request for fiscal year 1995, the Department reported a significant measure of success by the Tidewater Contracted Provider Agreement (CPA) in reducing costs to CHAMPUS beneficiaries. The committee supports building on the successes of this model for managed care initiatives in other geographic areas and requests the Department to identify any legislation that may be necessary to facilitate these endeavors.

SUBTITLE C-OTHER MATTERS

SECTION 721-DELAY IN CLOSURE OF ARMY HOSPITAL AT VICENZA, ITALY

With the continued drawdown of forces overseas, the committee is concerned that family support services, particularly access to military medical facilities, are being reduced too rapidly relative to the population that remains in theater. The Army's 7th Medical Command located in Germany has stirred considerable controversy among active duty families, particularly at the southern European Task Force (SETAF) located in Vicenza, Italy, where the Army plans to close the hospital and send the large active-duty dependent population to local Italian doctors for childbirth and other services.

In this section the committee recommends that the Secretary of the Army not initiate a phase-down in the level of medical services provided by the U.S. Army Hospital in Vicenza during fiscal year 1995.

In addition, the section directs the Secretary of Defense to submit a report not later than March 1, 1995, addressing a number of issues related to the closure of the Army Hospital at Vicenza, including a report on the feasibility of establishing a birthing center staffed primarily by American nurse midwives.

SECTION 722-DEMONSTRATION PROGRAM FOR ADMISSION OF CIVILIANS AS PHYSICIAN ASSISTANT STUDENTS AT ACADEMY OF HEALTH SCIENCES, FORT SAM HOUSTON, TEXAS

This section would authorize a demonstration program under which the Secretary of the Army could enter into a reciprocal agreement with an accredited institution of higher education to allow a limited number of students of that institution to attend the didactic portion of the physician assistant training program conducted at the Academy of Health Sciences, Fort Sam Houston, Texas, in return for the provision of certain academic services. The authority for this demonstration program would remain in effect until September 30, 1997.

SECTION 723-REPORT ON THE EXPANDED USE OF NONAVAILABILITY OF HEALTH CARE STATEMENTS

Under the CHAMPUS Reform Initiative demonstration program in California and Hawaii, the Secretary of Defense recently used authority provided by sections 1080(b) and 1086(e) of title 10, United States Code. This authority permits the Secretary to require that beneficiaries who use standard CHAMPUS and reside within the catchment area of a military treatment facility (MTF) obtain inpatient services and certain outpatient services from the MTF's civilian provider network when the service is not available from the MTF. There has been some confusion and controversy regarding this requirement. The committee shares the concerns some beneficiaries have expressed about the potential restrictions on beneficiary freedom of choice in selecting providers under standard CHAMPUS, particularly with respect to outpatient services.

Therefore, this section would direct the Secretary of Defense to report on the Department's plans for further use of this authority. This report should: (1) describe the services covered by this restriction; (2) evaluate the benefits, including cost avoidance data, obtained by its use; (3) analyze the impact of the restriction on beneficiary freedom of choice of health care providers; and (4) explain the Department's intentions and plans for expanding the use of this restriction beyond the scope of services and/or geographic area for which it is currently in effect.

This section also would direct the Secretary of Defense not to expand the current scope of services and/or geographic area applicable to the restriction until 90 days after the report has been submitted. The committee expects this issue to be fully resolved before the implementation of similar restrictions in the follow-on managed care contract in California and Hawaii.

SECTION 724-SENSE OF CONGRESS ON CONTINUITY OF HEALTH CARE SERVICES FOR CERTAIN COVERED BENEFICIARIES

This section would express the sense of the Congress that the Secretary of Defense should take all appropriate steps, including a limited extension of the current managed care contract, to protect the continuity of health care services for all beneficiaries eligible for the Base Realignment and Closure (BRAC) site managed health care benefit during the transition period of the TRICARE Region Six managed care contract.

ITEMS OF SPECIAL INTEREST

STUDY OF THE HEALTH CARE NEEDS OF CHILDREN UNDER MANAGED CARE

The Department of Defense is presently phasing in its new TRICARE managed care program in all twelve lead agent regions. In implementing this program, the committee hopes that the Department will recognize that military treatment facilities must work cooperatively with pediatric providers, especially children's hospitals, in order to provide the specialized treatment and care that is clinically appropriate.

Therefore, the committee directs the Secretary of Defense to ensure that all managed care systems include a sufficient number and distribution of participating providers, including primary and specialty pediatric providers for children. The Secretary must take this action to ensure that services are available and accessible to each enrollee with reasonable promptness and in a manner which assures continuity of care.

The Office of the Assistant Secretary of Defense for Health Affairs has already recognized this problem for children with cystic fibrosis and initiated a study to make sure that these children continue to receive the specialized care that they need. The committee applauds this effort and believes that it would be very beneficial to expand the study. Therefore, the committee directs the Secretary of Defense to expand the cystic fibrosis study to include the role of managed care and the need to provide services to all children with special needs. The study should review all diseases that are childhood specific and chronic in nature to determine how these children can continue to receive the required care in a managed care system. The study should focus on the clinical needs of children with those chronic conditions who, because of their health status, may need to be excluded from a capitated system and continue to receive their care in specialized settings.

Additionally, the committee directs the Secretary of Defense to conduct a feasibility study of capitating a complete pediatric network that fully manages the care of all eligible children both within and outside the existing direct care system. This study will determine whether such a capitated network can provide access and quality at a reasonable price to the government.

The committee directs that the Secretary of Defense to report to the committees on Armed Services of the Senate and the House of Representatives with the results of these studies not later than June 1, 1995.

CHIROPRACTIC MEDICAL CARE INITIATIVE

The committee is concerned that, despite the congressional defense committees' strong commitment to support the commissioning of chiropractors in the military, the Department of Defense has not demonstrated its commitment to this issue. Moreover, the Department has failed to comply with the committees' recommendations that a demonstration project be undertaken.

Therefore, the committee directs the Secretary of Defense, in consultation with the Secretaries of the military departments, to develop a plan for providing chiropractic services for up to three years at up to 10 military treatment facilities. The plan shall discuss the cost of implementing this project and detail how an oversight advisory committee (that will advise the Secretary on the development of the project) will be established. The advisory committee shall include representatives of the Government Accounting Office and the chiropractic community. In developing the plan current legislative proposals for health care reform should be considered. The committee further directs the Secretary to report to the congressional defense committees, no later than February 1, 1995, with the details of the plan.

AIR FORCE PROTOTYPE PROVIDER WORKSTATION

The committee remains committed to improving computerized medical records capability in military treatment facilities in order to assist health care providers in the most efficient delivery of medical care services to Department of Defense beneficiaries. Section 734 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) authorized the Secretary of Defense to include an automated medical records capability in the Department's acquisition of the Composite Health Care System (CHCS).

The committee is interested in the Provider Workstation (PWS) efforts undertaken by the Air Force and recognizes the potential of PWS capability to address the need for computerized medical records, ambulatory coding, and patient-level cost accounting. The Provider Workstation is a prototype system that uses commercially-available technology to create an electronic physician's office where patient history and new patient information will remain available. The system has been operationally prototyped at Elmendorf Air Force Base in Alaska with four physicians and will now be tested at Scott Medical Center at Scott Air Force Base, Illinois, with more than 100 providers. Completion and analysis of the Scott experience will enable the Department to evaluate the merits of PWS deployment to other military treatment facilities.

TITLE VIII-ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

SUBTITLE A-ACQUISITION ASSISTANCE PROGRAMS

SECTION 801-PROCUREMENT TECHNICAL ASSISTANCE PROGRAM

Section 801 would reauthorize the Procurement Technical Assistance (PTA) Cooperative Agreement Program at a funding level of \$12 million for fiscal year 1995.

Chapter 142 of title 10, United States Code, authorizes the Department of Defense to enter into cooperative agreements to provide partial funding for PTA centers, sponsored by state and local governments and non-profit organizations, to assist small firms in obtaining contracts with the Department of Defense and other government agencies.

SUBTITLE B-ACQUISITION IMPROVEMENTS

OVERVIEW

The committee recognizes that the dramatic reductions in defense spending urgently requires that the defense acquisition system of the future achieve better management by fewer people with far fewer tax dollars. Such action is particularly critical to the defense sector, where cutbacks are rapidly contracting the industrial base and where the cost of maintaining a dedicated defense industrial sector is an increasingly unaffordable option.

Toward this end, in 1990 Congress created the "Department of Defense Advisory Panel on Streamlining and Codifying Acquisition Laws," commonly known as the Section 800 panel (section 800 of the National Defense Authorization Act for Fiscal Year 1991, Public Law 101-510). Under the auspices of the Defense Systems Management College, the 13-member panel, made up of government and private sector representatives, reviewed over 600 statutes related to defense procurement and issued its report and recommendations in January 1993.

Since the issuance of the Section 800 recommendations, the committee has embraced the challenge of reforming the defense acquisition system through the careful and exhaustive review of the multitude of proposals generated toward this common goal. The provisions in this title of the bill reflect a few of the many recommendations made by the Section 800 panel.

PART I-GENERAL IMPROVEMENTS

SECTION 811-CONGRESSIONAL DEFENSE PROCUREMENT POLICY

This provision would amend section 2301 of title 10, United States Code, to revise congressional defense procurement policy. The new policy would emphasize a preference for the procurement of commercial items.

SECTION 812-REPEAL OF REQUIREMENT RELATING TO PRODUCTION SPECIAL TOOLING AND PRODUCTION SPECIAL TEST EQUIPMENT

This provision would repeal section 2329 of title 10, United States Code, because it is obsolete.

SECTION 813-REPEAL OF VOUCHERING PROCEDURES SECTION

This provision would repeal section 2355 of title 10, United States Code, which imposes unique vouchers requirements on the Department of Defense.

SECTION 814-CLARIFICATION OF PROVISION RELATING TO QUALITY CONTROL OF CERTAIN SPARE PARTS

This provision would amend section 2383 of title 10, United States Code, to clarify the special qualification requirements for contractors on spare parts contracts.

SECTION 815-CONTRACTOR GUARANTEES REGARDING WEAPON SYSTEMS

This provision would amend section 2403 of title 10, United States Code, to require the Department of Defense to establish guidelines and procedures for negotiating and administering contractor warranties.

PART II-MAJOR SYSTEMS STATUTES

SECTION 821-WEAPON DEVELOPMENT AND PROCUREMENT SCHEDULES

This provision would amend section 2431 of title 10, United States Code, to conform the delivery of budget justification and other budget documents 45 days after the President's budget is submitted.

SECTION 822-SELECTED ACQUISITION REPORT REQUIREMENT

This provision would amend section 2432 of title 10, United States Code, to eliminate several selected acquisition report (SAR) reporting requirements. It also would streamline the SAR by eliminating extraneous data and by redefining all budgetary baselines to be consistent with a single program baseline description found in section 825 of this bill.

SECTION 823-UNIT COST REPORT REQUIREMENT

This provision would amend section 2433 of title 10, United States Code, to streamline the unit cost report (UCR). The amendment would eliminate extraneous data and would conform all baselines associated with the UCR to be consistent with a single program baseline description found in section 825 of this bill.

SECTION 824-REQUIREMENT FOR INDEPENDENT COST ESTIMATES AND MANPOWER ESTIMATES BEFORE DEVELOPMENT OR PRODUCTION

This provision would amend section 2434 of title 10, United States Code, to modify requirements for independent cost estimates and manpower estimates.

SECTION 825-BASELINE DESCRIPTION

This provision would amend section 2435 of title 10, United States Code, to streamline requirements for program baseline descriptions and deviation reporting. Although these modifications provide the Department with added flexibility, the committee expects the Department to continue establishing program baselines and providing essential program cost information.

SECTION 826-REPEAL OF REQUIREMENT FOR COMPETITIVE PROTOTYPING IN MAJOR PROGRAMS

This provision would repeal section 2438 of title 10, United States Code, which requires competitive prototyping in major programs. The committee expects the Department to continue considering competitive prototyping as an option in the acquisition planning process and to use competitive prototype strategies where appropriate.

SECTION 827-REPEAL OF REQUIREMENT FOR COMPETITIVE ALTERNATIVE SOURCES IN MAJOR PROGRAMS

This provision would repeal section 2439 of title 10, United States Code, which requires competitive alternative sources in major programs. The committee expects the Department to continue considering competitive alternative sources as an option in the acquisition planning process and to use competitive alternative sources where appropriate.

PART III-TESTING STATUTES

SECTION 831-AUTHORIZATION OF LESS THAN FULL-UP TESTING

This provision would amend section 2366 of title 10, United States Code, to modify requirements for survivability and lethality testing. This section would allow a waiver for less than full-up testing if the Secretary of defense certifies to Congress that such testing would be unreasonably expensive and impractical.

SECTION 833-LIMITATION ON QUANTITIES TO BE PROCURED FOR LOW-RATE INITIAL PRODUCTION

This provision would amend section 2400 of title 10, United States Code, to provide limits on the number of articles that could be procured under low-rate initial production within the engineering and manufacturing development phase of the acquisition cycles.

SECTION 832-OPERATIONAL TEST AND EVALUATION OF DEFENSE ACQUISITION PROGRAMS

This provision would amend section 2399 of title 10, United States Code, to authorize the Secretary of Defense to use alternative operational test and evaluation procedures if the Secretary certifies to Congress that normal testing procedures are too costly or impractical.

PART IV-CIVIL RESERVE AIR FLEET

SECTIONS 841 TO 843

These provisions would amend section 9511 of title 10, United States Code, to streamline and consolidate existing law on the civil reserve air fleet.

PART V-MISCELLANEOUS

SECTION 851-EXTENSION TO DEPARTMENT OF DEFENSE GENERALLY OF PROVISION RELATING TO MANUFACTURE AT FACTORIES AND ARSENALS

This provision would consolidate existing statutes relating to DOD factories and arsenals and would repeal superseded statutes.

SECTION 852-REGULATIONS ON PROCUREMENT, PRODUCTION WAREHOUSING, AND SUPPLY DISTRIBUTION FUNCTIONS

This provision would amend section 2202 of title 10, United States Code, regarding production, warehousing, and distribution of supplies to delete unnecessary and redundant language.

SECTION 853-REPEAL OF REQUIREMENTS REGARDING PRODUCT EVALUATION ACTIVITIES

This provision would repeal section 2369 of title 10, United States Code, which is an obsolete provision regarding product evaluation activities.

SECTION 854-CODIFICATION AND REVISION OF LIMITATION ON LEASE OF VESSELS, AIRCRAFT AND VEHICLES

This provision would amend chapter 141 of title 10, United States Code, to codify a provision limiting the lease of vessels, aircraft, and vehicles by the Department of Defense.

SECTION 855-REPEAL OF APPLICATION OF PUBLIC CONTRACTS ACT TO CERTAIN NAVAL VESSEL CONTRACTS

This provision would repeal section 7299 of title 10, United States Code, which is an obsolete provision relating to the application of the Public Contracts Act to naval vessels.

SECTION 856-CONSOLIDATION OF LIMITATIONS ON PROCUREMENT OF GOOD OTHER THAN AMERICAN GOODS

This provision would amend section 2534 of title 10, United States Code, to consolidate miscellaneous limitations and waiver provisions on the procurement of foreign goods.

SECTION 857-DEPARTMENT OF DEFENSE ACQUISITION OF INTELLECTUAL PROPERTY RIGHTS

This provision would amend section 2386 of title 10, United States Code, to revise the authority of the military departments to acquire technical data and computer software.

SECTION 858-DEPARTMENT OF DEFENSE REVIEW OF ANTITRUST CASES WITH NATIONAL SECURITY IMPLICATIONS

This provision would amend chapter 148 of title 10, United States Code, to require the Secretary of Defense to assess the implications of mergers and acquisitions involving defense contractors, including critical subcontractors, on the national technology and industrial base. The Secretary would be further required to communicate the results of this assessment to the Attorney General and Federal Trade Commission where it demonstrates an appreciable effect on the national technology and industrial base.

SUBTITLE C-OTHER MATTERS

SECTION 871-ENVIRONMENTAL CONSEQUENCE ANALYSIS OF MAJOR DEFENSE ACQUISITION PROGRAMS

This section would require the Secretary of Defense to conduct an analysis of the life-cycle environmental costs of a major defense acquisition program before it begins development. The section also would direct the Secretary to issue implementing guidance for this requirement and for overall compliance with the National Environmental Policy Act (NEPA) for major defense acquisition programs.

The committee expects such guidance to require the relevant service to prepare appropriate NEPA documentation before conceptual design review, if not earlier, but certainly at a point in the process where the incorporation of pollution prevention measures or other design elements that would reduce or eliminate environmental costs later in the system's life cycle could still be achieved. Finally, the section would direct the Department to establish a data base of all NEPA documentation prepared on major defense acquisition programs.

SECTION 872-AWARD OF CONTRACTS AND GRANTS ON THE BASIS OF COMPETITION

The committee is concerned about the growth in congressional earmarking and its impact on key defense programs. For example, over the past five years \$1 billion of congressionally earmarked activities have had a significant impact on the markup of DOD's manufacturing technology program (MANTECH) and the University Research Initiative (URI) program. Scarce dollars have been diverted away from traditional research, development, testing and evaluation activities to earmarked programs and projects. In tight budget times, earmarking at this level impairs the distribution of public money based on project merit and limits the Department's ability to direct its research and technology development activities.

Therefore, the committee believes the Secretary of Defense needs clearer guidelines to interpret earmark legislation. The committee recommends amending section 2301 of title 10, United States Code, to define earmarked projects and to give the Secretary of Defense guidance on how to fund items of congressional interest through a competitive process.

ITEMS OF SPECIAL INTEREST

Teaming arrangements

The committee is aware that due to the manner in which the Department of Defense has implemented the small disadvantaged business (SDB) contracting goal program (commonly called the Section 1207 program) under section 2323, title 10, United States Code, compliance with the goal by acquisition programs involving contractor teams is not accurately estimated. The SDB program establishes a five percent goal for DOD contracts and subcontracts. However, when programs involve teams of contractors, the Department only counts toward a given program those subcontracts made to small disadvantaged businesses by the member of the team designated to serve as the prime contractor.

The committee believes that these arbitrary counting rules ignore the unique nature of contractor teaming arrangements and have no foundation in law. Therefore, the committee directs the Secretary of Defense to reevaluate the SDB counting methodology as it pertains to teamed contractors. The Secretary shall report to the Committees on Armed Services of the Senate and House of Representatives within 180 days of enactment of this bill what steps will be taken to address this problem.

Women-owned small businesses

The committee is concerned about the ability of women-owned small businesses to compete on an equal footing for Federal contracts, particularly defense contracts. Therefore, the committee directs the Comptroller General to review the accessibility of the government marketplace to women-owned businesses and the percentage of government contracts currently going to women-owned small businesses. The committee further directs the Comptroller General to make recommendations for improving participation for women-owned small business. The Comptroller shall issue a report to Congress on the findings and recommendations resulting from this review within one year after enactment of this bill.

Rotation of contracting officers

The Defense Acquisition Workforce Improvement Act (codified in chapter 87, title 10, United States Code) requires the Secretary of Defense to establish a policy encouraging the rotation, every five years, of members in the acquisition corps serving in critical acquisition positions. The committee is interested in exploring whether there is merit in extending this rotation policy to contracting officers at all levels. As with the current rotation policy, the objective would be to ensure opportunities for career broadening assignments and to infuse new ideas into acquisition positions.

Therefore, the committee directs the Secretary of Defense to conduct an assessment on the feasibility and desirability of extending the rotation policy required by 1734(e), title 10, United States Code, to contracting officers at all levels. Not later than one year after enactment of this bill, the Secretary shall provide a report to the Committees on Armed Services in the Senate and House of Representatives describing the results of such an assessment.

Should-cost analysis

Every buyer of a product wants to know the worth of an item. For the Department of Defense, this translates into "should-cost" analysis, which is a specialized form of cost analysis. This analysis is put together by an integrated team of government contracting officials, including pricing, audit and engineering representatives. The committee believes that "should-cost" analysis can be an invaluable negotiation tool throughout the defense procurement system for weapons systems and spare or repair parts alike. For example, the Naval Supply Systems Command has established the Price Fighter Program which has achieved dramatic improvements in competition, pricing and quality. For that reason, the committee encourages the Department to develop uniform policy guidance on the use of "should-cost" analysis for its procurements throughout the services.

Open system computer architecture

The committee believes that maximum price/performance advantages can be achieved by utilization of open system computer software architectures over proprietary systems. It is essential to find methods to move older proprietary systems to open systems more rapidly. This will reduce maintenance costs and increase

operational efficiency. The committee applauds the Department for its efforts in this area but believes that piecemeal contracting from site to site is too inefficient.

Therefore, the committee recommends that the Department review its contracting practices and look toward a more "omnibus" approach of its open system software requirements. Furthermore, the committee encourages the Secretary of Defense to establish uniform policies and standards in software acquisition and a software technology base. The committee also encourages the Secretary to: (1) transition software development into a dual-use technology; (2) promote software acquisition and life-cycle management; (3) support the software acquisition educational process; and (4) establish "centers of excellence." Such actions should provide the Department with a leadership role in the development of software acquisition into an engineering discipline.

TITLE IX-DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

SECTION 901-REVISION OF NATIONAL GUARD BUREAU CHARTER

The committee believes that existing National Guard Bureau legislation does not adequately address a number of important matters relating to the structure and operations of this important organization. This section would set out the purpose of the bureau; provide for the appointment and grades of the bureau leadership, including the chief, vice chief and four additional general officers; provide for a bureau legal counsel, comptroller, and inspector general; and require an annual report on the state of the national guard. The section would require that the Secretary of the Army and the Secretary of the Air Force jointly develop a Guard Bureau charter.

SECTION 902-ARMY RESERVE COMMAND

Section 903 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510) required the Secretary of the Army to establish a United States Army Reserve Command. Although the legislation initially placed the command within the U.S. Army Forces Command, it established an independent commission "to assist the Secretary in assessing the progress and effectiveness of the United States Army Reserve Command. * * *"

Subsequently, the commission's principal recommendation, requiring that the Reserve Command become an independent command reporting directly to the Chief of Staff of the Army, was adopted in the fiscal year 1994 Defense authorization bill, as passed by the House of Representatives. The Senate did not agree to the House position. The conferees, however, did agree to require that the Reserve Command would be a "separate command of the Army. * * *" as specified in section 941 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160).

The Reserve Command remains within the Army Forces Command. This section would once again adopt the commission's recommendation by providing for a Reserve Command independent of the Army Forces Command whose commander reports directly to the Army Chief of Staff.

SECTION 903-ASSIGNMENT OF RESERVE FORCES TO COMBATANT COMMANDS

This section would amend section 162 of title 10, United States Code, to clarify the requirement that "the Secretaries of the military departments shall assign all forces under their jurisdiction to unified and specified combatant commands" except for those necessary to carry out their assigned functions. The recommended changes also would recognize the interests of the combatant commanders in training and readiness standards of the reserve components.

The committee believes that the "forces" the Secretary of a military department is required to assign to combatant commands are units and personnel the Secretary has prepared and validated as ready to carry out operational assignments in furtherance of missions assigned to the combatant commanders. In other words, they must have been recruited, organized, equipped, and trained by the Secretary of the military department to comply with the responsibilities assigned to the Secretary by law. Consequently, the committee recommends adding several provisions that would have the effect of making the existing legislation consistent with the committee's position.

The provisions that the committee recommends for clarification would:

(1) Define "forces" as used in section 162 of title 10, United States Code, to refer to military units and personnel that the Secretary of a military department has determined, in accordance with responsibilities assigned to the secretary by law, to be prepared for the effective prosecution of war and therefore capable of carrying out missions assigned to a combatant commander.

(2) Specify how the requirement for the service Secretary to "assign all forces * * * to * * * combatant commands" applies to the reserve components. The committee believes that if "forces" refers to units and personnel who have been prepared to carry out missions assigned to a combatant commander, it follows that reserve component units and personnel cannot be assigned to a combatant commander until they are activated, receive whatever training and equipment may be necessary, and are subsequently validated by the military department Secretary as prepared for combat. Consequently, this provision would specify that reserve component forces shall be assigned by the appropriate Secretary after mobilization in accordance with applicable legislative provisions.

(3) Permit the Secretary of Defense to make an exception to the subsection which relates to the reserve components in the case of special operations units and personnel. The Secretary would be authorized to treat reserve component special operations units and personnel in the same manner as active forces. These units maintain a high state of readiness in peacetime and are capable of carrying out missions assigned to combatant commanders.

Notwithstanding the committee's position that forces must not be assigned to combatant commands until they are prepared for combat by the military departments, the committee recognizes that combatant commanders should be as fully informed as possible about the reserve component units that would be available to them after mobilization. Moreover, they should be given a voice in establishing training and readiness standards for those units. Consequently, the committee further recommends provisions that would:

(1) Require the Secretaries of the military departments, in accordance with directives issued by the Secretary of Defense, to allocate reserve component units under their jurisdiction to the combatant command or commands to which it is expected that they would be assigned after mobilization.

(2) Require that the combatant commanders of the command, or commands, to which each reserve component unit may be assigned after mobilization establish standards in the areas of: (a) joint training; and (b) readiness to carry out missions assigned to the combatant commanders.

(3) Require that the Secretaries of the military departments prepare reserve component units to meet the standards established by the combatant commanders.

SECTION 904-BUDGET SUPPORT FOR RESERVE ELEMENTS OF SPECIAL OPERATIONS COMMAND

The reserve elements of the Special Operations Command are funded through two separate accounts. In general, personnel are funded through their respective military departments; the Special Operations Command funds operations and maintenance and other expenses. The committee believes the officials responsible for providing the funding for reserve special operations units should concur on any decision that would fundamentally alter a unit.

Accordingly, this section would modify section 167 of title 10, United States Code, to specify that the budget proposal for the Special Operations Command may not propose to eliminate, or significantly to reduce the level of funding for, a reserve component special operations unit without the concurrence of the Secretary of the military department concerned.

SECTION 905-CHANGE OF TITLE OF COMPTROLLER OF THE DEPARTMENT OF DEFENSE TO UNDER SECRETARY OF DEFENSE (COMPTROLLER)

This section would change the title of the Comptroller of the Department of Defense to Under Secretary of Defense (Comptroller). Title IX of the National Defense Authorization Act for Fiscal Year 1994 (P.L. 103160) created four positions at Level III of the Executive Salary Schedule; all but the Comptroller were titled Under Secretary of Defense. This section would give the Comptroller the same title as the other Level III Department officials.

SECTION 906-RECLARIFICATION OF INDEPENDENT STATUS OF DIRECTOR OF OPERATIONAL TEST AND EVALUATION

This section would place the Office of Operational Testing & Evaluation (OT&E) under the Under Secretary of Defense (Comptroller) for administrative purposes. Since this office was created a decade ago, Congress has insisted OT&E remain independent of the Department's acquisition structure. This ensures that the director of OT&E can offer independent advice and judgment.

As part of the Department reorganization approved in title IX of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160), Congress acceded to a Department request (in section 907) that OT&E no longer be required to report directly, without intervening review or approval, to the Secretary of Defense. The Congress agreed to that change, but the conferees added directive statement of managers language ordering that the OT&E function be placed under the Comptroller. The intention was to assure that the OT&E remained separate and apart from the office of the Under Secretary of Defense (Acquisition and Technology).

The Department, however, has ignored that directive. Chart A2 (dated January 1994 and contained in Appendix A of the Secretary of Defense Annual Report to the President and the Congress, dated January 1994) shows the director of Operational Test & Evaluation among the offices reporting directly to the Under Secretary of Defense (Acquisition and Technology). In response, section 906 of this bill would override that reporting chain and codify the conferees' directive of last year.

TITLE X-GENERAL PROVISIONS

SUBTITLE A-FINANCIAL MATTERS

SECTION 1001-TRANSFER AUTHORITY

Section 1001 would permit the transfer of amounts of authorizations made available in Division A of the bill for any fiscal year to any other authorization made available in Division A upon determination by the Secretary of Defense that such a transfer would be in the national interest. The provision would provide the authorization for reprogramming involving the transfer of authorization between amounts authorized as set out in bill language.

The authority to transfer for higher priority items than the items from which authorization was transferred and could not be used to provide authorization for an item that was denied authorization by the Congress. The Secretary of Defense would be required to notify Congress promptly of transfers. The total amount of transfers would be limited to \$2 billion. Historically, the transfer authority authorized has changed as follows:

- FY8588-\$2.00 billion
- FY8991-\$3.00 billion
- FY92-\$2.25 billion
- FY93-\$1.50 billion
- FY94-\$2.00 billion

SECTION 1002-CLARIFICATION OF SCOPE OF AUTHORIZATIONS

This section would repeat language contained in the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) clarifying that no funds in the bill are for the Federal Bureau of Investigation.

SECTION 1003-INCORPORATION OF CLASSIFIED ANNEX

This section would provide the language required to incorporate the Classified Annex prepared by the Committee on Armed Services into the National Defense Authorization Act.

SECTION 1004-DATE FOR SUBMISSION OF FUTURE-YEARS MISSION BUDGET

Under current law, the Department's future years mission budget (FYMB) must be submitted to Congress at the same time as the President's budget proposal. The Department requires additional time after preparation of the President's budget to compile the FYMB, which is derived from the Future Years Defense

Plan, which is derived from the President's budget. Therefore, this section would provide that the FYMB be submitted 30 days after the President's budget is submitted.

SUBTITLE B-CONTINGENCY OPERATIONS

SECTION 1021-FUNDING FOR CONTINGENCY OPERATIONS

This section would amend section 1108 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160), which established a structure for funding unanticipated operations of the Department of Defense. This year's amendments would:

(1) Remove the \$300 million cap on the total of unreimbursed sums for all National Contingency Operations that may be drawn from the resources of the Defense Business Operations Fund (DBOF) at any one time.

(2) Expand the purposes of the cash account set up last year to cover any and all costs of a National Contingency Operation that cannot be funded through the Defense Business Operations Fund. The 1994 Act limited the cash fund to incremental military personnel costs.

(3) Authorize to be appropriated for fiscal year 1995 the sum of \$300 million for the purposes of the section.

(4) Restrict the use of the fund and of any of the resources of the DBOF for unplanned emergencies to those operations formally designated as National Contingency Operations under section 1108.

SUBTITLE C-OTHER MATTERS

SECTION 1031-ANNUAL REPORT ON DENIAL, REVOCATION, AND SUSPENSION OF SECURITY CLEARANCES

This section would create a data base on security clearances lifted by the Defense Department. The committee receives frequent complaints about alleged punitive revocations of security clearances. The purpose of this section is to provide basic statistics on the denial, revocation or suspension of such clearances and the handling of appeals of such actions.

SECTION 1032-COMMISSION ON ROLES AND MISSIONS OF THE ARMED FORCES

This section would amend Subtitle E of Title IX of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160). That subtitle established a "Commission on Roles and Missions of the Armed Forces" with seven members. In reviewing candidates for commission membership, the Secretary of Defense found that the seven member restriction made it difficult to secure the diversity in experience and viewpoint he felt was important to the quality of commission's deliberations. This section would expand the membership to 10 members, as the Secretary requested.

SECTION 1033-PROHIBITION ON AUTHORIZATION OF PAYMENT OF COSTS UNDER DEFENSE CONTRACTS FOR RESTRUCTURING COSTS OF A MERGER OR ACQUISITION

This section would address the policy of the Department of Defense with regard to the treatment of merger and acquisition costs that are allowable costs against government contracts. Recently, the Department of Defense issued a "clarification" stating that the Federal Acquisition Regulations (FARs) permitted "restructuring" costs to be an allowable cost recoverable by contractors. This clarification was issued as Martin Marietta was negotiating the acquisition of the General Dynamics' space division. At the committee's request, Department officials estimated the purchase price of the acquisition would be \$200 million, of which about \$60 million (or 30 percent) would be recoverable as restructuring costs.

The committee, however, found this to be a major policy change, not a mere clarification. In fact, the committee discovered that others in the Department viewed this in the same way. For example, a memorandum from the Commander of the Defense Contract Management Command (DCMC) stated, "*** current novation agreement language in the Federal acquisition Regulation (FAR) prevents any increased costs on novated contracts. *** Several contractors may contact your office to discuss a change to current FAR coverage on this issue."

The committee was also concerned that if this policy has long been in effect and required only a "clarification," then contractors involved in past mergers and acquisitions could seek to recover restructuring costs. Furthermore, the committee doubts the wisdom of the underlying policy-that the federal government ought to pay merger and acquisition costs in some circumstances. If the Administration believes such a major change in policy is justifiable, then it ought to come to the Congress and make its case.

Therefore, this section would prohibit the Secretary of Defense from authorizing payment of any restructuring costs associated with a merger or acquisition after May 4, 1994.

The committee informs the Department of Defense that it will hold hearings on any proposal the Administration wishes to make to alter this policy.

SECTION 1034-TRANSFER OF CERTAIN B-17G AIRCRAFT

This section would direct the Secretary of the Air Force to transfer all right, title, and interest of the Air Force in a B-17G aircraft, serial number 4483684, to the organization known as Planes of Fame in Chino, California.

SECTION 1035-U.S.S. INDIANAPOLIS (CA35): GALLANTRY, SACRIFICE AND A DECISIVE MISSION TO END WW II

This section would recognize the contributions of the U.S.S. Indianapolis to victory in World War II and commend the crew as the 50th anniversary of the vessel's July 30, 1945, sinking approaches.

SECTION 1036-SENSE OF CONGRESS CONCERNING COMMENDATION OF INDIVIDUAL EXPOSED TO MUSTARD AGENTS DURING WORLD WAR II TESTING ACTIVITIES

This section would express the sense of Congress that the Secretary of Defense should issue a commendation to those individuals who, as members of the armed forces or as employees of the Department of War during World War II, were exposed (without their knowledge or consent) to mustard agents in connection with testing performed during that war. This section also would require the Secretary of Defense to notify such individuals of the exposure described above, the possible health effects of the exposure, and the likely options available for treatment for any adverse health effects resulting from that exposure. Finally, this section would require the Secretary of Defense to provide the Secretary of Veterans Affairs with any information available regarding the exposure, including the names of individuals exposed.

SECTION 1037-SENSE OF CONGRESS CONCERNING ELIGIBILITY FOR ARMED FORCES EXPEDITIONARY MEDAL BASED UPON SERVICE IN •EL SALVADOR

This section would express the sense of the Congress that certain service members who served in El Salvador should be considered eligible to receive the Armed Forces Expeditionary Medal.

ITEMS OF SPECIAL INTEREST

COUNTER-DRUG ACTIVITIES

OVERVIEW

The fiscal year 1995 budget request for Department of Defense counter-drug activities is \$714.2 million. This represents a net decrease of \$154 million from the fiscal year 1994 level of \$868.2 million. The committee recommends authorization of the Department's request.

The committee understands that, beginning in fiscal year 1995, the Department intends to fund that portion of the program related to OPTEMPO-aircraft, ship and ground operations-through each of the service operation and maintenance budgets. The request for counter-drug OPTEMPO is \$160 million. That shift accounts for the net decrease in the counter-drug budget request for fiscal year 1995.

Due to the change in the location of the OPTEMPO portion of the budget, there can be confusion in understanding the changes taking place. The following table displays the total counter drug budget (in

millions of dollars) with and without OPTEMPO as approved for fiscal year 1993 and 1994 and as recommended by the committee for fiscal year 1995:

	Without OPTEMPO	OPTEMPO	Total
Fiscal year:			
1993	849	290	1,139
1994	674	193	869
1995	715	160	874

New counter drug strategy-shifting priorities

The new Presidential drug control strategy shifts the focus to domestic demand reduction and away from interdicting drug shipments. This strategy also calls for a controlled shift in emphasis from the transit zone, referring to the Caribbean and Mexico, to the source countries, referring to the Andean nations.

Last year, the Department undertook a comprehensive review of its counter drug activities. The review team evaluated the operational impact and cost effectiveness of each of the Department's 170 counter drug projects. It recommended \$135 million in cuts to programs found to have limited impact. As a result, 24 programs were terminated, and the level of funding for other programs was brought into line with the new priorities of the National Drug Control Strategy.

Furthermore, in response to the new Presidential strategy, the Department issued a new counter drug policy guidance. This policy focuses on five key areas:

(1) Source Nation Support. Specifically, the Department would focus its efforts in Colombia, Peru and Bolivia, through strengthening the democratic institutions in these nations, and providing training and operational support to source nation police and military.

(2) Dismantling cartels. Funding would be used for intelligence activities and other related support to the Department and law enforcement agencies engaged in identifying major drug cartels and planning for their disruption and elimination.

(3) Detection and monitoring within the transit zone. Efforts would be refocused from the transit zone to the source country, consistent with the new national drug strategy.

(4) Support to domestic drug law enforcement agencies. The Department would continue its support to drug law enforcement agencies through transportation, maintenance, equipment upgrades and use of the National Guard.

(5) Demand reduction. Efforts would be aimed at demand reduction within the United States. This would include drug education and testing and outreach programs for inner-city youths.

Support for law enforcement

The committee continues to support the Gulf States Counter Drug Initiative because this is an innovative program and because it fosters the strong cooperative relationship between the states involved. Accordingly, the committee recommends that the Department actively continue this initiative.

Counter-drug intelligence budget

As currently structured, a significant portion of the Department's counter-narcotics budget falls within the bounds of the Tactical Intelligence and Related Activities (TIARA) budget. As discussed elsewhere in this report, the committee endorses the Department's continued efforts to more appropriately rationalize the allocation of programs and budget resources among the various intelligence and non-intelligence budget accounts. The committee is particularly supportive of such an examination of the intelligence and non-intelligence categorizations in the counter-drug area.

Historically many budget reductions have occurred because of a program's arbitrary budget categorization rather than on merit or programmatic considerations. Therefore, the committee urges the

Department to examine closely the counter-narcotics account with the objective of transferring out of the TIARA category those programs and activities that do not absolutely require such categorization.

DRUG INTERDICTION & COUNTER DRUG ACTIVITIES, OPERATION AND MAINTENANCE

[IN THOUSANDS OF DOLLARS]

FY 95 Drug Interdiction & Counter Drug O&M Request	714,200
Source Nation Support	131,562
Dismantling Cartels	59,024
Detection and Monitoring	125,613
Law Enforcement Agency Support	309,103
Detection and Monitoring	88,898
Reductions:	
Undistributed TIARA account reductions	20,000
Increases:	
Undistributed non-TIARA account additions	20,000
Recommendation	714,200

DOD SURVEY OF DECEASED'S NEXT OF KIN

The committee has recently investigated cases of deceased military personnel and found that families were often not pleased with the information they received about the circumstances of death and with the general assistance they received from the services. However, these scattered cases do not indicate how prevalent the dissatisfaction is among these families. The committee believes the families of deceased military personnel should be treated with utmost sensitivity and given meaningful assistance upon the death of a loved one.

Therefore, the committee directs the Secretary of Defense to evaluate the feasibility of surveying the next of kin and other pertinent family members of military personnel who have died while on active duty to determine:

(1) The extent and nature of problems the next of kin or other family members report in obtaining information and assistance from the military services.

(2) Potential actions to improve contacts with the next of kin and other appropriate family members.

The committee prefers that such a survey be conducted by an independent organization. The survey should cover a sufficient number of death cases of the recent past to make a credible determination of the extent and nature of any problems. The Secretary should report the results of this evaluation and recommendations concerning the conduct of such a survey to the Committees on Armed Services of the Senate and House of Representatives no later than December 1, 1994.

SELF-DEFENSE INTEREST OF THE NORTH ATLANTIC TREATY ORGANIZATION

The committee recognizes the contributions of the North Atlantic Treaty Organization (NATO) to international peace and security. In recent years, NATO has deployed its military assets for more than the territorial defense of its members. In 1992, the alliance endorsed the deployment of NATO forces to support peacekeeping operations under the auspices of the United Nations or the Conference on Security and Cooperation in Europe. The committee is concerned with suggestions that NATO should not act to protect and defend the interests of member states, or take actions which in its collective judgment advance international peace and security, unless such action is explicitly sanctioned by an international body, namely the United Nations. The committee supports U.S. policy that NATO retains the inherent right of autonomy of action regarding missions in addition to collective defense. The committee also supports U.S. policy that NATO member states reserve the right to act in defense of their vital interests independent of decisions by any international body.

UPDATED ANALYSIS ON NORTH KOREA

In October 1991, the Defense Intelligence Agency (DIA) published a report entitled "North Korea: The Foundations of Military Strength." The report provided a significant amount of unclassified information on the political structures, military capabilities, and national goals of the Pyongyang regime. The committee finds that an update of that publication would prove useful given the current tensions on the Korean peninsula and, therefore, directs the Secretary of Defense to task the DIA Director to prepare such an unclassified report for release no later than January 1, 1995.

EXPORT AVAILABILITIES

The committee recommends that it be U.S. policy that any item offered for release to a NATO member should concurrently be available for purchase by other NATO and major non-NATO allies unless such action would contravene U.S. national interests. Furthermore, any ally or major non-NATO ally who is in compliance with the guidelines of the Missile Technology Control Regime (MTCR) should be entitled to the same status with respect to technology exports and imports as MTCR signatories so long as they continue to abide by the MTCR guidelines.

QUALITATIVE EDGE FOR ISRAEL

The committee recognizes the many benefits to the United States resulting from our strategic relationship with Israel. The committee commends the Administration's commitment to maintaining Israel's qualitative edge over any combination of adversaries. The committee supports the Administration's desire to enhance Israel-American military and technical cooperation. Despite the peace process, Israel continues to face a difficult threat environment compounded by the proliferation of weapons of mass destruction and ballistic missiles.

ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

The committee is concerned that the reorganization of the Office of the Secretary of Defense approved last year may impair the ability of the Assistant Secretary for Reserve Affairs to effectively represent the concerns and priorities of the guard and reserve within the Department's planning, programming and budgeting process. In creating this position in 1983, Congress intended to ensure that guard and reserve issues received full and appropriate consideration in the Department's budget and resource allocation process. Therefore, the committee urges the Secretary of Defense to ensure that the Assistant Secretary of Defense for Reserve Affairs maintains an appropriate role in the Department's planning, programming and budgeting process.

PAYING UNITED NATIONS COSTS OUT OF THE DEFENSE BUDGET

The Administration's fiscal year 1995 budget proposal recommended a significant policy shift in the manner that the U.S. Government pays its assessed contributions for United Nations peacekeeping operations. Historically, such costs have been borne exclusively by the Department of State budget. However, the Administration proposal would have the Department of Defense budget pay a substantial portion of such costs. The Department of Defense fiscal year 1995 budget request contained \$300 million for this purpose.

After careful examination, the committee has rejected the Administration's proposal to shift this significant and additional financial burden from the State Department budget to the DOD budget. Moreover, the committee strongly believes that the Department of Defense budget should not be called upon to finance any portion of the United Nations peacekeeping assessment nor any arrearages derived thereof.

TITLE XI-DEFENSE CONVERSION, REINVESTMENT, AND TRANSITION ASSISTANCE

OVERVIEW

The budget request contained \$3,401.8 million to support "Defense Reinvestment and Economic Growth Initiatives" in fiscal year 1995. This compares to \$3,316.2 million appropriated for these programs in fiscal year 1994.

Included in the request is \$2,147.7 million for "dual-use" technology programs, including \$625.0 million for Technology Reinvestment Project (TRP) and related activities. This compares to \$2,010.6 million appropriated in fiscal year 1994 for these activities.

The remainder of the request supports personnel assistance and community adjustment and assistance programs. The budget request increased funding for these programs from \$654.0 million to \$1,254.0 million. Much of this increase can be attributed to funding for separation pay and civilian health benefits; guard and reserve transition initiatives; and "troops to teachers" and "troops to cops" transition assistance programs.

The committee recommends authorization of \$3,647.6 million to carry out the "Defense Reinvestment and Economic Growth Initiatives" program for fiscal year 1995. Of this amount, \$3,256.4 million requires authorization which is recommended. The table at the end of this section of the report reflects DOD's budget request for programs in this category funded by Title XI of the bill and the committee's recommendation.

The committee is pleased that the Department's budget request for "Defense Reinvestment and Economic Growth Initiatives" is generally reflective and responsive to the actions taken last year which emphasized the importance of economic security as a designated mission of the Department of Defense.

LEGISLATIVE PROVISIONS

SECTION 1101-SHORT TITLE

This section would cite this title as "The Defense Conversion, Reinvestment and Transition Assistance Amendments of 1994."

SECTION 1102-FUNDING OF DEFENSE CONVERSION, REINVESTMENT, AND TRANSITION ASSISTANCE PROGRAMS FOR FISCAL YEAR 1995

This section would authorize \$3,256.4 million for fiscal year 1995, to remain available until expended, to support those defense reinvestment and economic growth initiative programs identified in the Department's February 1, 1994 budget presentation and the committee's initiatives as indicated below.

This section also would define the programs that are included in the defense conversion, reinvestment and transition activities in the Department of Defense.

SUBTITLE A-DEFENSE TECHNOLOGY AND INDUSTRIAL BASE, DEFENSE REINVESTMENT, DEFENSE CONVERSION

SECTION 1111-FUNDING OF DEFENSE TECHNOLOGY REINVESTMENT PROGRAMS FOR FISCAL YEAR 1995

This section would authorize funding of defense technology reinvestment programs at \$771.6 million and specific Technology Reinvestment Project (TRP) program funding as follows:

[IN MILLIONS OF DOLLARS]

Dual-use critical technology partnerships	355.6
Commercial-military integration partnerships	50.0
Regional Technology Alliance Assistance	50.0
Advanced Manufacturing Technology partnerships	30.0
Defense Manufacturing Extension partnerships	15.0
Defense dual-use assistance extension	65.0
Defense manufacturing and engineering education	24.0
Total TRP	589.6

This section also would authorize \$30 million in support of the advanced materials synthesis and processing partnership program; \$35 million for the agile manufacturing/enterprise integration program; \$50 million for the Maritime Technology Program (MARITECH); and \$37 million for support of a Department of Defense/Department of Justice Dual-Use Technology Research and Development Center. Finally, the section

would provide that funds authorized in the technology reinvestment programs (TRP) subsection of this provision for fiscal year 1995 could be available to support TRP projects selected in fiscal year 1994.

SECTION 1112-CLARIFICATION OF ELIGIBLE NON-DEPARTMENT OF DEFENSE PARTICIPANTS IN TECHNOLOGY REINVESTMENT PROGRAMS

This section would clarify the definition of eligible entities that can participate in the technology reinvestment programs to explicitly include labor organizations.

SECTION 1113-ADDITIONAL CRITERIA FOR LOAN GUARANTEES UNDER THE DEFENSE DUAL-USE ASSISTANCE EXTENSION PROGRAM

This section would establish defense worker retention as a condition of implementation of loan guarantee authority to support diversification or conversion of defense firms.

SECTION 1114-FINANCIAL COMMITMENT REQUIREMENTS FOR SMALL BUSINESS CONCERNS FOR PARTICIPATION IN TECHNOLOGY REINVESTMENT PROJECTS

This section would authorize the Secretary of Defense to permit a small business concern to obtain its anticipated partnership cost share within 90 days after its technology reinvestment program proposal had been selected for award.

SECTION 1115-CONDITIONS ON FUNDING OF DEFENSE TECHNOLOGY REINVESTMENT PROJECTS

This section would require the Secretary of Defense to ensure that the principal economic benefits and the job creation resulting from technology reinvestment projects (TRP) accrue to the U.S. economy. The section also would require that funds used to support TRP projects be provided only to projects selected using competitive procedures incorporating cost-sharing requirements of non-Federal Government participants.

SUBTITLE B-COMMUNITY ADJUSTMENT AND ASSISTANCE PROGRAMS

SECTION 1121-FUNDS FOR ADJUSTMENT AND DIVERSIFICATION ASSISTANCE FOR STATES AND LOCAL GOVERNMENTS FROM OFFICE OF ECONOMIC ADJUSTMENT

This section would authorize \$54.1 million for the activities of the Office of Economic Adjustment for fiscal year 1995.

SECTION 1122-STUDIES AND PLANS FOR MARKET DIVERSIFICATION

This section would authorize \$10 million to support feasibility studies and business plans for market diversification of businesses in communities adversely affected by the defense build-down. Funds for such a study or business plan would be limited to \$50,000.

SECTION 1123-ADVANCE COMMUNITY ADJUSTMENT AND ECONOMIC DIVERSIFICATION PLANNING

This section would authorize proactive economic planning assistance to communities that are substantially dependent upon defense or defense industrial activity. Of the amounts authorized for the Office of Economic Adjustment for fiscal year 1995, \$5 million would be available to support such activities.

SUBTITLE C-PERSONNEL ADJUSTMENT, EDUCATION AND TRAINING PROGRAMS

SECTION 1131-CONTINUATION OF TEACHER AND TEACHER'S AIDE PLACEMENT PROGRAMS

This section would authorize \$65 million in funding the continuation of the "troops-to-teachers" program contained in the Defense Conversion, Reinvestment and Transition Assistance Act of 1992 (Division D of the National Defense Authorization Act for Fiscal Year 1993, Public Law 102-484) and the Defense Conversion, Reinvestment and Transition Assistance Act 1993 (title 13 of the National Defense Authorization Act of Fiscal Year 1994, Public Law 103-160).

SECTION 1132-PROGRAMS TO PLACE SEPARATED MEMBERS AND TERMINATED DEFENSE EMPLOYEES IN EMPLOYMENT POSITIONS AS PUBLIC SAFETY OFFICERS

This provision would expand the troops-to-law enforcement officer program established in section 1152 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160). This provision would authorize the Secretary of Defense to assist the placement of displaced Federal firefighters who worked on military bases and other facilities. The section also would authorize \$25 million to assist the placement of separated members of the armed forces in employment positions as public safety officers in fiscal year 1995, of which \$10 million would be available for placement of Federal faraway.

SECTION 1133-PILOT PROGRAM TO PLACE SEPARATED MEMBERS AND TERMINATED DEFENSE EMPLOYEES IN TEACHING POSITIONS AS BILINGUAL MATH AND SCIENCE TEACHERS

Section 1133 would authorize \$3 million for a pilot program designed to encourage bilingual servicemembers and DOD civilian employees to become math and science teachers upon leaving Federal service. Under the program, individuals who participate would be eligible to receive a stipend, and educational institutions or other non-Federal entities would be compensated for reasonable costs incurred in connection with program participation.

SECTION 1134-DEMONSTRATION PROJECT TO ASSIST SEPARATED MEMBERS AND TERMINATED DEFENSE WORKERS TO BECOME BUSINESS OWNERS

This section would authorize the Secretary of Defense to establish up to two defense worker business incubator projects to assist displaced defense workers in establishing alternative economic activities.

The committee directs the Secretary of Defense to fund this program out of the category of "other initiatives" identified in the education and training personnel assistance programs contained in the defense reinvestment and economic growth initiatives account in an amount not to exceed \$1 million per project.

SECTION 1135-DEMONSTRATION PROJECT TO PROMOTE SHIP RECYCLING AS METHOD TO ASSIST SEPARATED MEMBERS AND TERMINATED DEFENSE WORKERS

This section would authorize \$15 million for the establishment of a ship recycling and defense worker job creation program. As the Navy reduces its fleet, an increased number of ships will be available for scrapping. The committee believes that there are several advantages to increasing the volume of ship scrapping and recycling in the United States. For example, one advantage is job creation. The committee believes that the potential to increase the rate of return on excess ships would be maximized by the creation of region ship recycling centers.

SUBTITLE D-ARMS INITIATIVE

SECTION 1141-EXTENSION OF ARMAMENT RETOOLING AND MANUFACTURING SUPPORT INITIATIVE

This section would extend the authority for fiscal year 1995 to carry out the Armament Retooling and Manufacturing Support (ARMS) Initiative established in section 195 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484).

SUBTITLE E-OTHER MATTERS

SECTION 1151-CHANGES IN NOTICE REQUIREMENTS UPON PENDING OR ACTUAL TERMINATION OF DEFENSE PROGRAMS

This section would restore the notification requirements and procedures established by section 4471 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484). The committee believes that timely notification of defense contract reductions and worker impact are essential to effective retraining and placement activities.

ITEMS OF SPECIAL INTEREST

BUSINESS PLANNING ASSISTANCE AND SUPPORT FOR TECHNOLOGY CENTERS

The committee directs the Secretary of Defense to carry out at least two business development projects in support of technology centers located in one or a combination of all three of the following areas: communities which have been adversely affected by military base closures; areas in which the local economy has been adversely affected by changes in the use of national laboratories previously used for nuclear weapons testing and development; and areas in which the local economy has been heavily dependent on a defense contractor that is in the process of terminating a major defense contract or closing a major facility. The committee recommends that the Secretary utilize the Office of Economic Adjustment (OEA) and the Advanced Research Projects Agency (ARPA) in undertaking these projects.

The committee directs the Secretary to fund these projects out of the fiscal year 1995 "other initiatives" funding contained in the defense reinvestment and economic growth initiatives account at not more than \$2.5 million per project.

CAPITAL AVAILABILITY AND DEFENSE WORKER RETENTION

The committee believes that a greater effort must be made to connect technology reinvestment activities to high-wage job growth and defense worker retention. The committee also believes that existing defense conversion and diversification loan guarantee authorities must be implemented and strengthened to preserve small and medium-sized companies which are the backbone of the defense supplier base.

Accordingly, the committee recommended a provision (sec. 1113) that would make the loan guarantee authority codified in section 2524 of Title 10, United States Code, mandatory and its exercise conditioned upon the extent to which loans would support the retention of defense workers otherwise unemployed as the result of defense spending reductions.

The committee directs the Secretary of Defense to commence immediate discussions with the Secretary of Commerce, the Secretary of Labor and the Administrator of the Small Business Administration as well as labor organizations to implement this authority.

The committee notes that, while the loan guarantee authority is contained within a program that is part of the Technology Reinvestment Project (TRP), its exercise need not be conducted as part of TRP activities. The committee recommends \$50 million to support this effort in fiscal year 1995.

CENTER FOR DEFENSE AND LAW ENFORCEMENT TECHNOLOGY

The committee recently received testimony on the issue of defense technology and law enforcement. Department of Defense and Department of Justice officials have indicated a decision to formalize joint technology development efforts for both law enforcement activities and operations other than war. The committee supports this partnership in the nation's fight against crime. Section 1111(b)(2) of the bill would authorize \$37 million for initial funding (in fiscal year 1995) to support a Center for Defense and Law Enforcement Technology.

The types of assistance that would be provided by the Department of Defense to the Justice Department in undertaking this activity shall include, but not be limited to, the technology areas of concealed weapons detection; authorized-user-only handgun, or "safe gun" activities; gunfire localization information; less-than-lethal technologies to halt fleeing vehicles and restrain subjects armed with weapons other than firearms; development of personal status monitors; interactive simulation trainer; explosive ordnance detection and disposal; mobile sensor platforms; urban mapping and three dimensional scene generation; advanced sensor

integration; and support for a national center to develop these technologies and make them available to state and local law enforcement authorities.

CRISIS INTERVENTION AND SUPPORT SERVICES PILOT DEMONSTRATION PROJECTS

The committee directs the Secretary of Defense to carry out a demonstration project to establish not more than four regional crisis intervention and support services pilot demonstration projects to serve regions where two or more military facilities are scheduled for closure. The activities of the projects should include needs and capability assessments to identify the extent to which the base closure will impact the community, displaced workers and their families.

The committee recommends that the Secretary fund this program out of "other initiatives" funding contained in the fiscal year 1995 "defense reinvestment and economic growth initiatives" account at not more than \$500,000 per project.

TRP AND INTELLECTUAL PROPERTY

The committee notes that it is the general policy of the Technology Reinvestment Project (TRP) to negotiate intellectual property rights in "partnerships; so as to optimize the chances of successful commercialization. TRP policy provides that the Federal Government should avoid acquiring rights if that will impede commercialization. Foreign access to technology is scrutinized and, if deemed necessary, restricted. Board exposure of the technology among partnerships participants is encouraged. •

The Advanced Research Projects Agency (ARPA) can fully effectuate these policies because it has great flexibility to tailor patent and other intellectual property rights provisions under its "other transactions" authority. Other TRP agencies are to some degree constrained by their organic statutes; government-wide policies applicable to technology developments supported by contracts, grants, or cooperative agreements; or by agency policies developed years ago. The committee encourages the other DOD agencies participating in the TRP and the non-DOD agencies cooperating in the TRP to review their policies on intellectual property rights.

TRP PROGRAM COHESION

The committee strongly supports the Technology Reinvestment Project (TRP) and the Defense Technology Conversion Council (DTCC) chaired by the Advanced Research Projects Agency. However, the budget request for \$156.6 million to fund the Mentor Protege Program, the Federal defense laboratory diversification initiative, and the Navy "reinvestment" technology program which is outside the TRP program, raises important issues which could inadvertently complicate the execution of technology reinvestment efforts. In addition, this funding could be vulnerable to earmarking which would frustrate DOD reinvestment efforts. Also, unlike the TRP program, none of these initiatives are required by statute to be cost-shared. Finally, the TRP currently envisions the participation of both Federal defense laboratories and the military departments.

The committee believes that management of DOD's technology reinvestment efforts should not be fragmented. Accordingly, the committee recommends that the \$156.6 million in funding requested for the "reinvestment" programs mentioned above be made part of the committee's recommended defense reinvestment program for fiscal year 1995. At the same time, the committee supports the goals of both the Federal defense laboratory diversification effort and the Navy's development, promotion and utilization of dual-use technologies. However, both goals can be most efficiently promoted within the TRP with the Federal defense laboratories and the Navy as active partners.

The committee does not recommend that the Mentor Protege Program be funded as a research and development "defense reinvestment" element.

VENTURE CAPITAL AND TRIP ACTIVITIES

The overwhelming response to the 1993 Technology Reinvestment Project resulted in the selection of 212 winning proposals that were put forward by partnerships consisting of over 1,200 companies, universities and Federal laboratories. While many small businesses were participants in these winning

proposals, few small business proposals were selected. The committee believes that a vast untapped opportunity exists to better "partner" small businesses competing for TRP funds with venture capital markets. The committee recommends a provision (sec. 1114) that would authorize the "conditional award" of a small business TRP proposal. The small business would be given up to 90 days to secure its cost share from venture capital markets or other financial sources.

DEFENSE CONVERSION, REINVESTMENT AND TRANSITION ASSISTANCE ACT AMENDMENTS
OF 1994

FUNDING TABLE
[In millions of dollars]

	Fiscal year 1995- Request	HASC
Defense Industry and Technology Programs:		
Defense Reinvestment Programs (R&D)	781.6	771.6
Other Defense Dual-Use Technology Programs (R&D)	1,366.1	1,604.0
Ship recycling/job creation (Procurement)	0	15.0
Subtotal	2,147.7	2,390.0
Community Assistance:		
Office of Economic Adjustment (O&M)	39.1	54.1
Junior ROTC (O&M)	59.8	59.8
National Guard Youth Opportunity Pilot Program (O&M)	70.0	70.0
Subtotal	170.3	185.9
Personnel Assistance:		
Temporary Early Retirement (Mil Per)	391.2	391.2
Sep Pay and Civilian Health (O&M)	301.7	301.7
Guard and Reserve Transition (O&M)	139.5	139.5
Transition Assistance/Relocation (O&M)	72.4	72.4
Troops to Teachers (O&M)	65.0	65.0
Troops to Public Safety Officers (O&M)	15.0	25.0
Bilingual Math and Science Teachers (O&M)	0	3.0
"Other initiatives" (O&M)	99.0	99.0
Subtotal	1,083.7	1,096.7
TITLE XI AUTHORIZED		3,256.4
TOTAL	3,401.8	3,647.6

DETAILED SUMMARY OF TECHNOLOGY PROGRAMS

[In millions of dollars]

Program element and program	Fiscal year 1995- Request	HASC
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DEFENSE REINVESTMENT TECHNOLOGY PROGRAMS

603570E-Defense Reinvestment Program	781.6	771.6
Dual-use partnerships		355.6
Com-Mil integration		50.0
Regional Tek Alliances		50.0
Def. Adv. Mfg. partner		30.0
Mfg. Technology Ext		15.0
Dual-Use Extension		65.0
Defense Mfg/Eng. Ed		24.0
Total TRP		589.6
MARITECH	40.0	50.0
DoD/Law Enforcement Dual-Use		37.0
Agile Mfg./Enterprise Integration		35.0
Advanced Materials		30.0
Subtotal Defense Reinvestment Request	781.6	771.6

OTHER DUAL-USE TECHNOLOGY PROGRAMS

62712E-Electronics and Materials Initiatives	224.8	247.9
63739E-Manufacturing Technology Initiatives	346.1	416.1
62301E-Computing and Communications Technology	419.6	399.6

OTHER INITIATIVES

63745E-SEMATECH	90.0	90.0
61101E-Basic Research	87.7	87.7
63744E-Advanced Simulation	20.9	20.9
Various-Small Business Innovative Research Programs refocused dual-use	161.0	(161.0)

Total for all Tech. Programs	2,147.7	2,375.0
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PERSONNEL ASSISTANCE PROGRAMS

[In millions of dollars]

Programs	Fiscal year 1995 request	Fiscal year 1995 HASC
Separation Benefits:		
Temporary Early Retirement (specific authorization not required)	391.2	391.2
Separation Pay and Civilian Transition	301.7	301.7
Guard and Transition Initiatives	139.5	139.5
Transition Assist/Relocation	72.4	72.4
Education and Training:		
Troops to Teachers	65.0	65.0
Troops to Cops/Public Safety	15.0	25.0
Bilingual Pilot Program		3.0
Other initiatives	99.0	99.0
 Subtotal for Personnel Assistance Programs	 1,083.8	 1,096.7

COMMUNITY ADJUSTMENT AND ASSISTANCE PROGRAMS

[In millions of dollars]

Programs	Fiscal year 1995 request	Fiscal year 1995 HASC
Junior ROTC Expansion	59.8	59.8
Office of Economic Adjustment	39.1	54.1
National Guard Youth Opportunity Pilot Program	71.4	71.4
 Subtotal for Community Assistance	 170.3	 185.3

DIVISION B-MILITARY CONSTRUCTION AUTHORIZATIONS

PURPOSE

The purpose of Division B is to provide military construction authorizations and related authority in support of the military departments during fiscal year 1995. As approved by the committee, Division B would authorize appropriations in the amount of \$8,822,623,000 for construction in support of the active forces, reserve components, defense agencies, and the NATO infrastructure fund for fiscal year 1995. A brief tabular summary of the authorizations provided in Division B for fiscal year 1995 follows:

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OVERVIEW

The military construction authorization request for fiscal year 1995 was introduced as H.R. 4302 on April 26, 1994.

The Department of Defense requested authorization of \$4,912,400,000 for fiscal year 1995 for military construction and \$3,410,223,000 for family housing construction and support.

The committee prudently considered the budget request on a project-by-project basis and approved only those that meet the national security needs of the United States.

PRIORITY INVESTMENT PROGRAM

Just prior to the submission of the fiscal year 1995 budget, the Department of Defense developed the Priority Investment Program (PIP). This program was used to rationalize lower spending for the military construction account by using over \$900.0 million in infrastructure resources to pay the Department's inflation bill. For fiscal year 1995, the PIP program funds only those programs that will not directly affect future force structure levels, are crucial to maintaining readiness, and that fully comply with all environmental laws. The program is not intended to prejudice the Department's internal deliberations as it prepares for the last authorized base closure round in 1995.

The committee is concerned that, with the Administration's call for economic stimulus, this approach to the military construction process may be ill-timed. The committee understands the need to minimize expenditures at vulnerable locations, but the backlog created by the PIP program may have a negative effect. Military construction activity creates jobs within local communities all across the nation. In addition, the force structure needed for the two major regional contingencies contained in the Bottom-Up Review requires a robust infrastructure far beyond that budgeted in fiscal year 1995.

Some content that the PIP program is a namesake for the military construction "pause" imposed by the last Administration. Nonetheless, the committee is pleased that our environmental and treaty commitments, base closure, energy conservation, and chemical demilitarization programs have been funded in the fiscal year 1995 submittal.

CONTINUED CALL FOR A STRATEGIC BASING PLAN

In the committee report on H.R. 2401 (H. Rept. 103-200), the National Defense Authorization Act for Fiscal Year 1994, the committee requested the Secretary of Defense to submit a Strategic Basing Plan. The committee has yet to receive this important report, however. As stated last year, this document could act as a catalyst for congressional support in targeting strategic infrastructure investment at home and overseas. Without this report, Congress is forced to participate in haphazard programming of future construction requirements. Such a plan, even in classified form, will aid the relevant congressional committees in making better long-term investment decisions, without disregard to the upcoming base closure round.

The committee is hopeful that infrastructure investment will continue as a key component in the implementation of the Bottom-Up Review. As the Department invests in new state-of-the-art weapons technology, it will be necessary to invest in infrastructure to house and maintain these important systems. This aspect of military construction should be added to other Bottom-Up Review infrastructure requirements in mobility and personnel readiness facilities.

BASE MAINTENANCE AND REPAIR

The committee is determined to reduce the backlog associated with maintenance and repair of existing facilities. The committee continues to encourage the services to program for the demolition of facilities that are scheduled to be replaced so the services can achieve some cost savings. Unfortunately, the Priority Investment Program may cause a demolition backlog because replacement facilities are being delayed in the military construction programming cycle.

While "work arounds" may be achieved at the base commander level through the creative use of base operations money, the backlog will persist regardless of the funding source. Each service has established dates when they expect this growing repair and maintenance backlog to stabilize. The committee encourages the services to set a unified goal and that the Secretary of Defense can use to establish an appropriate level of funding in out-year programs to significantly reduce this backlog.

The fiscal year 1995 budget request for real property maintenance was \$4,081,000,000. The committee recommends authorization of \$4,081,000,000.

QUALITY OF LIFE

The committee is aware that under the Priority Investment Program (PIP), the services have done a commendable job and made costly trade-offs to program important quality of life initiatives. The Strongest recruiting and readiness tool the armed forces can provide is a decent work and living environment. Projects in this year's budget request for troop housing, child care facilities, dining hall renovations, and fitness and recreation complexes demonstrate the good faith effort put forward under the PIP's readiness criteria. The committee directs the Secretary of Defense to issue a uniform set of barracks standards to the congressional defense committees prior to the submission of the fiscal 1996 budget request.

The committee is concerned that these quality of life facilities also be located at strategic overseas locations, such as Korea, where our continued security presence will remain crucial in the coming years. In order to keep our commitment to these troops at these important locations, the committee authorizes \$40.8 million for barracks at Camps Casey, Coiner, and Red Cloud in South Korea.

BASE CLOSURE

GOAL OF THIRTY PERCENT REDUCTION IN DOD PHYSICAL PLANT

The Department of Defense has begun its internal deliberations on the final base closure round mandated by the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510). The Department's goal is to reduce domestic plant replacement value by 30 percent. The first three base closure rounds have produced a 15 percent reduction; therefore, the remaining 15 percent must be achieved in the 1995 round.

The committee believes that it is important that the Department reach this goal because of the long-term savings it can achieve and devote to readiness and other national security requirements. The committee will closely monitor the internal guidance issued by the Deputy Secretary of Defense in December of 1993 to begin the internal deliberation process for the 1995 base closure round.

The budget request for authorization of appropriations associated with closure and realignment for fiscal year 1995 was \$2,676,158,000 to fulfill the recommendations set forth by previous Base Realignment and Closure Commissions. The committee notes that it has reduced the BRAC III account by \$183,961,000 due to the restoration of the fiscal year 1994 rescission of \$500,000,000. A tabular summary of military construction projects associated with base closure and realignment for fiscal year 1995 follows:

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REVITALIZING BASE CLOSURE COMMUNITIES

The committee has continually expressed its concern for the economic ramifications associated with a base closure or major realignment. The process of turning closed military installations into economic engines of recovery has been somewhat slow and disappointing, however.

Title XXIX of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) codified the President's "Revitalizing Base Closure Communities" initiative to permit the expeditious reuse of closing bases for economic gain. The committee continues to monitor the Department's efforts to promulgate final regulations that will ensure that a base closure is an economic opportunity, not an economic malady.

FOREIGN BASE CLOSURE

The committee appreciates the Department's continued leadership in downsizing overseas locations at the same time it fulfills our national security commitments around the world. The Department has made significant strides in reducing overseas infrastructure. For example, over 190 million square feet of facilities will be returned to various host nations within the jurisdiction of U.S. Army Europe (USAEUR). This would be the equivalent of closing Forts Hood, Bragg, Benning, Stewart, Lewis, Knox, Leonard Wood, Campbell, Bliss, Carson, and Redstone Arsenal. With such a drastic reduction in overseas facilities, future closures and realignments must continue to be made in conjunction with our allies.

The committee continues to expect the residual value negotiations for these returned sites to produce the maximum monetary or in-kind value possible. The committee expects progress in this regard and will continue to monitor the Department of Defense Overseas Military Facility Investment Recovery Account to

measure the Department's progress. The committee supports the "replacement in-kind" concept currently being explored in Germany as an economically feasible way of providing facilities for consolidation of United States bases.

FACILITIES IN OKINAWA

The committee is aware of the strategic importance of the security relationship between the United States and Japan, particularly with respect to the U.S. military presence in Okinawa. Currently, unused land is returned in accordance with the Status of Forces Agreement. Since 1972, the United States has returned over 10,000 acres (or 15 percent) of U.S. controlled land to the Government of Japan. The committee believes, however, that more remains to be accomplished. Indeed, visual inspection indicates that some facilities in Okinawa appear to be unused.

Section 2854 of the bill would direct the Secretary of Defense to conduct a comprehensive study of the U.S. presence in Okinawa. The report is to be transmitted to the congressional defense committees no later than October 15, 1994.

The study will define United States security needs and policy in Okinawa; infrastructure inventory and utilization rates; and the possible adverse economic and environmental impact that these facilities have on the local communities. The report will also indicate what affirmative steps can be taken in responding to requests from the Okinawa Prefectural Government with respect to returning and exchanging lands. Finally, when a base can be closed or a land exchanged, the report will explain the extent to which the Japanese Government can assist in completing such actions.

NATO INFRASTRUCTURE FUND

The NATO infrastructure fund is a commonly funded NATO program that supports the January 1994 NATO summit initiatives, the new Strategic Concept, and the redesigned allied force structures. The cost of the 1995 NATO program is \$825.0 million and it is based on these initiatives. The U.S. share of this program is 27.8 percent, making the fiscal year 1995 budget request \$229.0 million.

The program expects to generate \$10.0 million dollars through NATO recoupment for infrastructure projects financed by the United States in prior years. The committee recommends authorization of \$119,000,000. The Committee supports NATO and the confirmation of the Alliance's role at the January 1994 NATO summit as imperative to this post Cold-War era.

ENVIRONMENTAL ISSUES

ENVIRONMENTAL REMEDIATION

The Department of Defense has finally begun to spend more money on environmental remediation rather than on studies. In addition, the Department's fiscal year 1995 budget request for environmental remediation represents only a modest increase over the fiscal year 1994 authorization.

The committee notes that the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) cut the Defense environmental restoration account (DERA) by 15 percent and that the environmental component of the base realignment and closure (BRAC) account was cut by \$100 million by a recent rescission. Finally, the committee received testimony that, while disagreements remain, many of the Department's environmental critics now support its efforts.

For all of these reasons, as well as those discussed earlier in this report, the committee concurs with the budget request and recommends authorization of \$2,180 million for DERA and \$508.0 million for the environmental component of the BRAC account.

ENVIRONMENTAL COMPLIANCE, CONSERVATION, AND POLLUTION PREVENTION

The Department has requested \$2,182,000,000 for compliance, \$106,000,000 for conservation and \$392,000,000 for pollution prevention. The committee has approved \$2,082,000,000 for compliance and concurs with the other budget requested items.

The committee commends the Department for its investment in pollution prevention which the committee believes is a critical component of a strategy to reduce future environmental compliance costs. The

Department could be doing much more in its pollution prevention activities, and there is substantial evidence that these activities can save substantial sums. The committee recommends that the Department work with experts in the field both from private industry and the nonprofit community to further strengthen its pollution prevention programs.

The Federal Facilities Compliance Act has been in effect for over a year, and the Department has been paying fines for its noncompliance with environmental laws. These fines, however, have yet to constitute even four one-hundredths of a percent of the Department's overall costs of compliance. Nonetheless, the committee recommends that the Department work closely with the regulators to anticipate environmental spending needs and to design training programs for base commanders so that they are adequately prepared to fulfill their duties in this area.

ASSISTING BASE COMMANDERS WITH ENVIRONMENTAL COMPLIANCE

Environmental responsibilities have become an integral part of base operations. Base commanders are responsible for compliance with all applicable Federal, state and local environmental laws. This is an immense responsibility because base commanders must be familiar with nearly 20 Federal environmental statutes and approximately 10,000 pages of regulations. For every page of a Federal rule, there can be ten pages of state and/or local regulations. Moreover, situations exist where Federal, state and local regulators have overlapping authority and, in some cases, impose arguably inconsistent requirements. This can present an complex, confusing and, at times, delicate situation for a base commander.

The committee has received testimony from Federal and state officials that they are working to improve coordination. Nonetheless, the committee believes that such efforts need to be expanded. Therefore, the committee directs the Secretary of Defense to assist base commanders work closely with regulators to minimize or eliminate the need to comply with overlapping and inconsistent requirements.

The committee also directs the Secretary to assist base commanders in situations where they must choose a strategy for compliance which may entail overlapping and inconsistent requirements. Specifically, the committee directs the Secretary to assist the base commander enter into a joint memorandum with the other regulators outlining how to proceed. Finally, the committee urges the regulators, particularly the U.S. Environmental Protection Agency, to participate fully in efforts to streamline the array of regulatory requirements that a base commander faces, and to give base commanders advice, where solicited, on how to plan compliance activities.

SPILL CONTAINMENT ENHANCEMENT

Current regulations require 72-hour petroleum spill containment for above ground storage tanks. The regulations, however, do not require lined moat areas under above ground tanks. Such areas are one way to provide adequate protection against accidental leaks and spills, the petroleum from which may then migrate into ground water. Installing flexible membrane liners in the areas directly beneath and in close proximity to above ground storage tanks can contain potentially dangerous spills and leaks. The committee recommends that the Secretaries of the military departments to pursue cost-effective solutions for enhancing spill containment from above-ground tanks, including the installation of flexible membrane liners.

BARSTOW, CALIFORNIA WATER CONTAMINATION

The City of Barstow is facing a water shortage. The Barstow Marine Corps Logistics Base depends on the City of Barstow for its drinking water. The base and George Air Force Base have released contaminants into the ground water in the vicinity of the City of Barstow. While the Department of Defense is working to remediate the ground water that the bases contaminated, the Department will not complete this clean up by the end of fiscal year 1995. The committee encourages the Department to work with the City of Barstow and the Mojave Water Agency to address the water supply shortage.

AUTHORIZATION FOR MILITARY CONSTRUCTION

The Department requested \$4,912,400,000 for military construction and \$3,410,223,000 for family housing for fiscal year 1995. Within the military construction request, \$2,676,158,000 was requested for implementation of base closure recommendations.

The committee recommends authorization of \$5,341,741,000 for military construction, including \$2,492,197,000 for base closure implementation, and \$3,480,882,000 for family housing.

ITEMS OF SPECIAL INTEREST

FAMILY HOUSING CONSTRUCTION ALTERNATIVES

The committee is concerned about the chronic housing shortage in many military communities. The section 801 and 802 programs were enacted to provide the military services with the flexibility to meet their housing needs. However, the programs have been severely constrained due to the method in which they are scored in the budget. Therefore, the committee encourages the services to explore less costly alternatives and to include innovative housing proposals in their future housing requests. In particular, the committee encourages each of the military services to review the use of manufactured housing in lieu of on-site construction on all military installations.

PHASED RENOVATION WITH OPERATIONS AND MAINTENANCE DOLLARS

The committee is concerned that the services are not clearly delineating phased funding of major renovation projects. This allows the activity to be funded through the operations and maintenance accounts instead of being regularly programmed through the military construction account. The committee directs the services to indicate a major phased renovation project through a detailed summary description in the first year of the request. This will enable the congressional defense committees to more thoroughly review these large projects and the efficacy of their programming in the operations and maintenance account.

UTILITIES INFRASTRUCTURE

The committee urges the Department to modernize its utilities infrastructure to achieve cost savings. Such a model can be found in the programming efforts of the Department of the Air Force which continues to seek efficiencies through an aggressive utility modernization program.

REPAIR AND MAINTENANCE

Within authorized amounts, the committee recommends the execution of the following repair and maintenance projects by the appropriate service secretary: \$4,250,000 for asbestos abatement at Aberdeen Proving Ground, Maryland; and \$4,270,000 for Chapel Repair, United States Naval Academy, Annapolis, Maryland.

TITLE XXI-ARMY

SUMMARY

The Army requested authorization of \$690,576,000 for military construction and \$1,273,610,000 for family housing for fiscal year 1995. The committee recommends authorization of \$853,246,000 for military construction and \$1,273,622,000 for family housing for fiscal year 1995.

LEGISLATIVE PROVISIONS

SECTION 2101-AUTHORIZED ARMY CONSTRUCTION AND LAND ACQUISITION PROJECTS

This section contains the list of authorized Army construction projects for fiscal year 1995. The authorized amounts are listed on an installation-by-installation basis. The state list contained in this report is intended to be the binding list of the specific projects authorized at each location.

SECTION 2102-FAMILY HOUSING

This section would authorize new construction and planning and design of family housing units for the Army for fiscal year 1995.

SECTION 2103-IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS

This section would authorize improvements to existing units of family housing for fiscal year 1995.

SECTION 2104-AUTHORIZATION OF APPROPRIATIONS, ARMY

This section would authorize specific appropriations for each line item contained in the Army's budget for fiscal year 1995. This section also provides an overall limit on the amount the Army may spend on military construction projects.

SECTION 2105-AUTHORIZATION OF MILITARY CONSTRUCTION PROJECT AT FORT BRAGG, NORTH CAROLINA, FOR WHICH FUNDS HAVE BEEN APPROPRIATED

This section would authorize the Secretary of the Army, with amounts previously appropriated, to construct a library at Fort Bragg, North Carolina in the total amount of \$5,500,000.

TITLE XXII-NAVY

SUMMARY

The Navy requested authorization of \$320,470,000 for military construction and \$1,082,894,000 for family housing for fiscal year 1995. The committee recommends authorization of \$448,786,000 for military construction and \$1,121,064,000 for family housing for fiscal year 1995.

LEGISLATIVE PROVISIONS

SECTION 2201-AUTHORIZED NAVY CONSTRUCTION AND LAND ACQUISITION PROJECTS

This section contains the list of authorized Navy construction projects for fiscal year 1995. The authorized amounts are listed on an installation-by-installation basis. The state list contained in this report is intended to be the binding list of the specific projects authorized at each location.

SECTION 2202-FAMILY HOUSING

This section would authorize new construction and planning and design of family housing units for the Navy for fiscal year 1995.

SECTION 2203-IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS

This section would authorize improvements to existing units of family housing for fiscal year 1995.

SECTION 2204-AUTHORIZATION OF APPROPRIATIONS, NAVY

This section would authorize specific appropriations for each line item in the Navy's budget for fiscal year 1995. This section sets an authorization limit on the total cost of all construction projects.

SECTION 2205-RESTORATION OF AUTHORITY TO CARRY OUT MILITARY CONSTRUCTION PROJECT AT NAVAL SUPPLY CENTER, PENSACOLA, FLORIDA

This section would authorize the Secretary of the Navy to construct a cold storage facility at the installation and any other construction associated with contract N6246786C0421 which was entered into

before the termination of authority, notwithstanding section 2205(b)(1)(D)(ii) of the Military Construction Authorization Act for Fiscal Year 1994 (Division B of Public Law 103-160).

SECTION 2206-DESIGN ACTIVITIES FOR UPGRADE OF MAYPORT NAVAL STATION, FLORIDA

This section would require that, at the conclusion of a facilities study, the Secretary of the Navy identify infrastructure improvements necessary to provide Mayport Naval Station, Florida with the capability to serve as a homeport for a nuclear-powered aircraft carrier, and the programmatic environmental impact study to identify environmental issues associated with such improvements. The Secretary would be required to begin design work for such military construction projects as may be necessary to provide such capability. Finally, the provision would provide that nothing in this section shall be construed as a authorization to the Secretary to proceed with the construction of facilities specifically designed to make Mayport Naval Station capable of serving as a homeport for a nuclear powered aircraft carrier.

ITEMS OF SPECIAL INTEREST

ORDNANCE STORAGE NEEDS OF MARINE CORPS AIR STATION YUMA, ARIZONA

The committee is concerned about a problem at Marine Corps Air Station (MCAS) in Yuma, Arizona that affects both the safety of base personnel and adversely impacts on the capability of the Station to meet its ongoing training mission. The MCAS does not have enough property to safely store the net explosive weight of ordnance and does not have the area to load the ordnance on aircraft. Because of these restraints, the Explosive Safety Quantity Distance (ESQD) arcs extend beyond the station's southern boundary into private property and across a county highway. The ESQD arcs also extend to the very edge of family housing, placing base personnel and their families at risk to an accidental ordnance explosion. During training activities, a waiver is activated for additional ordnance loading on the flightline which greatly increases the risk to personnel and property.

In light of this situation, the committee directs the Secretary of the Navy to conduct a study of the problem and to propose a solution. The Secretary shall submit a report with the Navy's findings to the congressional defense committees no later than February 1, 1995.

QUALITY OF LIFE IMPROVEMENTS, NAPLES, ITALY

The committee has been concerned for some time about the poor quality of life for U.S. sailors in Naples. The committee has also been concerned about the lack of quality of life support for sailors who arrive in Naples for a port of call.

The committee is pleased that the Navy is taking positive measures to improve this situation. The measures include: new construction; leasing initiatives; progress in relocating the Agnano compound to Capodichino; and securing a support site which will dramatically improve shoreside support. The committee encourages the Department of the Navy to press forward in this regard.

UNSPECIFIED MINOR CONSTRUCTION

Within amounts authorized for unspecified minor construction the committee recommends the execution of the following projects: \$1,120,000 for magazine, Fleet Combat Training Center, Dam Neck, Virginia; \$500,000 for Ordnance Operations Facility, Little Creek Amphibious Base; \$1.5 million for Approach Lighting, Oceana Naval Air Station; \$435,000 for movement of natural gas line and \$700,000 for alternate railroad track, Marine Corps Logistics Base, Albany, Georgia.

NAVAL STATION MAYPORT, FLORIDA

During consideration of the fiscal year 1993 Defense authorization bill, the committee recommended that \$1.35 million be spent for a facility study and initiation of design to upgrade Naval Station Mayport to be capable of homeporting a nuclear-powered aircraft carrier. In fiscal year 1994, the committee expressed its concern that these funds were not expended and directed the Secretary of the navy to comply with congressional intent.

The committee is pleased that the facilities study is underway and is scheduled for completion by July 1994. A Programmatic Environmental Impact Study (PEIS) is also underway and is scheduled for completion by March 1995. The committee notes that this work was funded at the direction of the Chief of Naval Operations with funds other than those reserved by the committee in fiscal year 1993, that these funds remain unspent, and that the initiation of design work has not yet occurred.

Section 2206 of the bill would direct the Secretary of the Navy, at the conclusion of the facilities study, to begin design work for such military construction projects as may be necessary to provide Naval Station Mayport with an ability to homeport a nuclear-powered aircraft carrier.

Though the committee directs that design work go forward, it reserves judgement on the question of proceeding with actual construction activities specifically designed to provide Naval Station Mayport with an ability to homeport a nuclear-powered aircraft carrier until a determination is made by the Secretary of the Navy that U.S. strategic interests required an ability to homeport carriers at two separate Navy facilities on the East Coast.

NAVAL HOSPITAL, OAKLAND, CALIFORNIA

In the San Francisco Bay area, Alameda naval Air Station, Mare Island Naval Shipyard, and other supporting Naval activities have been selected for closure by the Base Closure and Realignment Commission. Given the closure of these activities and the transfer of their military personnel, the Naval Hospital, Oakland, California, has also been selected for closure. The only remaining regional trauma center will be the Alameda County Medical Center. The committee is concerned that the decrease in the availability of adequate medical facilities in this area may impact not only the remaining active duty and retired military personnel, but could also impact the region's ability to respond to natural disasters and other catastrophic emergencies.

In order to assist the improvement of the current capabilities of the Alameda County Medical Center, especially in the radiology department, the committee directs the Secretary of the Navy to make every effort possible to donate, as it becomes available in the closure process, medical equipment currently at the Naval Hospital Oakland to the Alameda County Medical Center. The committee further directs the Secretary of the Navy to consult with the Alameda County Medical Center as soon as possible to establish a priority list of medical equipment needs.

TITLE XXIII-AIR FORCE

SUMMARY

The Air Force requested authorization of \$353,313,000 for military construction and \$1,024,338,000 for family housing for fiscal year 1995. The committee recommends authorization of \$503,213,000 for military construction and \$1,044,827,000 for family housing for fiscal year 1995.

LEGISLATIVE PROVISIONS

SECTION 2301-AUTHORIZED AIR FORCE CONSTRUCTION AND LAND ACQUISITION PROJECTS

This section contains the list of authorized Air Force construction projects for fiscal year 1995. The authorized amounts are listed on an installation-by-installation basis. The state list contained in this report is intended to be the binding list of the specific projects authorized at each location.

SECTION 2302-FAMILY HOUSING

This section would authorize new construction and planning and design of family housing units for the Air Force for fiscal year 1995.

SECTION 2303-IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS

This section would authorize improvements to existing units of family housing for fiscal year 1995.

SECTION 2304-AUTHORIZATION OF APPROPRIATIONS, AIR FORCE

This section would authorize specific appropriations for each line item in the Air Force's budget for fiscal year 1995. This section also would provide an overall limit on the amount the Air Force may spend on military construction projects.

SECTION 2305-REVISION OF FAMILY HOUSING PROJECT AT TYNDALL AIR FORCE BASE, FLORIDA

This section would amend the table in section 2302(a) of the Military Construction Authorization Act for fiscal year 1994 (Division B of Public Law 103-160) in the item relating to Tyndall Air Force Base, Florida, by striking out "Infrastructure" and inserting in lieu thereof "45 units".

SECTION 2306-AUTHORIZATION OF MILITARY CONSTRUCTION PROJECTS AT TYNDALL AIR FORCE BASE, FLORIDA

This section would amend the table in section 2301(a) of the Military Construction Authorization Act for Fiscal Year 1994 (Division of Public Law 103-160) for the item relating to Tyndall Air Force Base, Florida, by striking at "\$2,600,000" and inserting "\$8,200,000".

SECTION 2307-MODIFICATION OF AIR FORCE PLANT NO. 3

This section would make \$10 million available to the Secretary of the Air Force, to proceed with the modification of Air Force Plant No. 3, Tulsa, Oklahoma.

SECTION 2308-REPEAL OF LIMITATION ON THE ORDER OF RETIREMENT OF MINUTEMAN II MISSILE

This section would repeal section 2307 of the Military Construction Authorization Act for Fiscal Year 1991 (Division B of Public Law 101-510). The section currently requires the Secretary of the Air Force to provide the installation which receives the last operational upgrade for the Minuteman II missile systems to be the installation from which the last Minuteman II missile is retired,

ITEMS OF SPECIAL INTEREST

DETACHMENT 25, PETERSON AIR FORCE BASE, COLORADO

The committee is concerned about the movement of personnel and equipment from Detachment 25 at Peterson Air Force Base, Colorado. In 1988, the Air Force Space Command, the Air Force Systems Command and the Air Force Logistics Command signed an agreement which stated that the most cost-effective and mission-effective support approach for space systems was to locate software maintenance, engineering, test and logistics support at Peterson Air Force Base, Colorado. Recently, Detachment 25 personnel and equipment moved from Peterson Air Force Base to other locations.

Accordingly, the committee directs: (a) the Secretary of the Air Force to certify (by a report to the Committees on Armed Services of the Senate and House of Representatives no later than November 31, 1994) that it is in the best interest of the Air Force for equipment and personnel to be moved from Peterson to other locations, and that such a move would provide cost savings to the Air Force; and (b) the General Accounting Office to review the Secretary's report, and to provide its findings and recommendations to the committees no later than January 1, 1995.

C-17 INTERIM BEDDOWN PROGRAM

The committee cautions the Department of the Air Force to minimize its programming of military construction projects associated with the latest C-17 force structure announcement. The final decision on the number of planes to be purchased by the Department of Defense (scheduled for October of 1995) will provide final guidance which will aid in the military construction programming cycle for the C-17. All

current program construction should, as enacted and programmed, remain unaffected by the Air Force's recent announcement.

UNSPECIFIED MINOR CONSTRUCTION

The committee recommends that, within authorized amounts for unspecified minor construction, the Secretary of the Air Force execute the following projects: \$750,000 for an Education Center/Library, Beale Air Force Base, California; and \$500,000 for a General Purpose Maintenance Hangar, McClellan Air Force Base, California.

TITLE XXIV-DEFENSE AGENCIES

SUMMARY

The Defense Agencies requested authorization of \$481,729,000 for military construction and \$29,382,000 for family housing for fiscal year 1995. The committee recommends authorization of \$465,009,000 for military construction and \$29,382,000 for family housing.

LEGISLATIVE PROVISIONS

SECTION 2401-AUTHORIZED DEFENSE AGENCIES CONSTRUCTION AND ACQUISITION PROJECTS

This section contains the list of authorized Defense Agencies construction projects for fiscal year 1995. The authorized amounts are listed on an installation-by-installation basis. The state list contained in this report is intended to be the binding list of the specific projects authorized at each location.

SECTION 2402-FAMILY HOUSING

This section would authorize the Secretary of Defense to construct or acquire (including land acquisition) one family housing unit in Belgium for the National Security Agency.

SECTION 2403-IMPROVEMENT TO MILITARY FAMILY HOUSING UNITS

This section would authorize the Secretary of Defense to make improvements to existing units of family housing for fiscal year 1995 in an amount not to exceed \$50,000.

SECTION 2404-ENERGY CONSERVATION PROJECTS

This section would authorize the Secretary of Defense to carry out energy conservation projects.

SECTION 2405-AUTHORIZATION OF APPROPRIATIONS, DEFENSE AGENCIES

This section would authorize specific appropriations for each line item in the Defense Agencies' budget for fiscal year 1995. This section also would provide an overall limit on the amount the Defense Agencies may spend on military construction projects.

SECTION 2406-COMMUNITY IMPACT ASSISTANCE WITH REGARD TO NAVAL WEAPONS STATION, CHARLESTON, SOUTH CAROLINA

This section would, within amounts pursuant to the authorization of appropriations in section 2405(a)(9), authorize the Secretary of the Navy to transfer \$3,000,000 to the South Carolina Department of Highways and Public Transportation to be used for improvements to North Rhett Avenue, which provides access to the Naval Weapons Station, Charleston, South Carolina. This will help alleviate the adverse effects of closure of the Charleston Naval Station and Charleston Naval Shipyard, South Carolina, on the surrounding communities.

ITEMS OF SPECIAL INTEREST

LIGHTING SYSTEMS, UNITED STATES NAVAL ACADEMY

The committee is aware of an urgent requirement for lighting systems at the United States Naval Academy. The committee recommends that, within authorized amounts, \$1.0 million be used to meet this urgent requirement.

TITLE XXV-NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE

SUMMARY

The Department requested authorization of \$219,000,000 for the NATO infrastructure fund for fiscal year 1995. The committee recommends \$119,000,000, a reduction of \$100,000,000.

LEGISLATIVE PROVISIONS

SECTION 2501-AUTHORIZED NATO CONSTRUCTION AND LAND ACQUISITION PROJECTS

This section would authorize the Secretary of Defense to make contributions to the North Atlantic Treaty Organization infrastructure program in an amount equal to the sum of the amount specifically authorized in section 2502 of this bill and the amount of recoupment due to the United States for construction previously financed by the United States.

SECTION 2502-AUTHORIZATION OF APPROPRIATIONS, NATO

This section would authorize appropriations of \$119,000,000 as the U.S. contribution to the NATO infrastructure program.

TITLE XXVI-GUARD AND RESERVE FORCES FACILITIES

SUMMARY

The Department requested a military construction authorization of \$171,154,000 for fiscal 1995 for guard and reserve facilities. The committee recommends authorization for fiscal year 1995 of \$460,110,000 to be distributed as follows:

Army National Guard	\$145,067,000
Army Reserve	37,410,000
Navy and Marine Corps Reserve	11,905,000
Air National Guard	210,212,000
Air Force Reserve	55,516,000

The Department's budget request reflects the increasing emphasis on the guard and reserve and the implementation of the Offsite Agreement announced in December of 1993. This agreement will bring about an increased requirement for facilities to fulfill newly assigned operational and support requirements. The committee urges the Department of Defense to budget for these facility needs commensurate with the increase in personnel and equipment the guard and reserve forces will receive. The committee is concerned that the commitment to a "Total Force" concept must be reinforced with a robust military construction budget submitted annually by the Administration.

LEGISLATIVE PROVISIONS

SECTION 2601-AUTHORIZED GUARD AND RESERVE CONSTRUCTION AND LAND ACQUISITION PROJECTS

This section would authorize appropriations for military construction for the guard and reserve by service component for fiscal year 1995. The state list contained in this report is intended to be the binding list of the specific projects authorized at each location.

SECTION 2602-PROHIBITION ON USING FUNDS FOR UNAUTHORIZED GUARD AND RESERVE PROJECTS

This section would require that funds appropriated pursuant to the authorization of appropriations in section 2601 of this bill may only be used to pay for the costs of acquisition, architectural and engineering services, and construction of facilities for the guard and reserve forces specified in the joint explanatory statement of the committee of conference to accompany the bill H.R. 4301 of the 103rd Congress.

SECTION 2603-AUTHORIZATION OF PROJECT FOR WHICH FUNDS HAVE BEEN APPROPRIATED

This section would amend section 2601(2) of the Military Construction Authorization Act for Fiscal Year 1994 (Division B of Public Law 103-160) to increase the authorization by \$8,700,000 for a construction project relating to the Marine Reserve Force Headquarters Rehabilitation, New Orleans, Louisiana. The section also amends Section 2601(1) to increase the authorization for previously appropriated Army National Guard projects, to include: C-12 Hangar, Bismarck, North Dakota, \$1,297,000; Armory and Organizational Maintenance Shop, Poplar Bluff, Missouri, \$2,842,000; and Addition/Alteration of Armory, Hagerstown, Maryland, \$1,776,000.

SECTION 2604-STATE NATIONAL GUARD HEADQUARTERS, FORT DIX, NEW JERSEY

This section would authorize that, pursuant to the authorization of appropriations in section 2601(1)(A) of the Military Construction Authorization Act for Fiscal Year 1993 (Division B of Public Law 102-484) for the renovation of facilities at Fort Dix, New Jersey, to permit the accommodation of a consolidated New Jersey National Guard headquarters, that such authorized funds may also be used for additions and alterations to such facilities for the same purpose.

ITEMS OF SPECIAL INTEREST

VEHICLE MAINTENANCE COMPLEX, PHASE I, NORMAN, OKLAHOMA

Due to cost increases and other increases resulting from adjusting formulas used to estimate major construction projects, the committee encourages the submission of a \$944,000 reprogramming request to fully fund Phase I of a Vehicle Maintenance Complex, Norman, Oklahoma, which was authorized and appropriated in fiscal year 1993.

UNSPECIFIED MINOR CONSTRUCTION

The committee recommends that within unspecified minor construction, \$700,000 be used for construction of an Air Staff Headquarters, Air National Guard, Montgomery, Alabama, and \$900,000 be directed to the construction of an addition/alteration of a communications facility, McEntire Air National Guard Base, South Carolina.

TITLE XXVII-EXPIRATION AND EXTENSION OF AUTHORIZATIONS

SECTION 2701-EXPIRATION OF AUTHORIZATIONS AND AMOUNTS REQUIRED TO BE SPECIFIED BY LAW

This section would provide that authorizations for military construction projects, repair of real property, land acquisition, family housing projects and facilities, contributions to the North Atlantic Treaty Organization infrastructure program, and guard and reserve projects will expire on October 1, 1997 or the

date of enactment of an Act authorizing funds for military construction for fiscal year 1998, whichever is later. This expiration would not apply to authorizations for which appropriated funds have been obligated before October 1, 1997 or the date of enactment of an Act authorizing funds for these projects, whichever is later.

SECTION 2702-EXTENSIONS OF AUTHORIZATION OF CERTAIN FISCAL YEAR 1992 PROJECTS

This section would provide for selected extension of certain military construction authorizations until October 1, 1995, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1996, whichever is later.

SECTION 2703-EXTENSION OF AUTHORIZATION OF CERTAIN FISCAL YEAR 1991 PROJECTS

This section would provide for selected extension of certain military construction authorizations until October 1, 1995, or the date of the enactment of the Act authorizing funds for military construction for fiscal year 1996, whichever is later.

SECTION 2704-EFFECTIVE DATES

This section would provide that Titles XXI, XXII, XXIII, XXIV, XXVI shall take effect on October 1, 1994, or the date of the enactment of this Act, whichever is later.

TITLE XXVIII-GENERAL PROVISIONS

SUBTITLE A-MILITARY CONSTRUCTION PROGRAM AND MILITARY FAMILY HOUSING CHANGES

SECTION 2801-STRENGTHENING MONETARY LIMITATION ON RENOVATION OF FACILITIES

This section would authorize the services to carry out repair projects using only operations and maintenance funds. The section also would prohibit repair projects from exceeding the amount specified by law for a minor construction project under section 2805 of this bill.

SECTION 2802-NAVY HOUSING INVESTMENT AGREEMENTS

This section would amend chapter 649 of title 10, United States Code, to authorize the Department of the Navy to invest in limited partnerships for the purpose of developing privately owned family housing units near military installations.

SECTION 2803-NAVY HOUSING INVESTMENT BOARD

This section would authorize the Secretary of the Navy to establish a "Navy Housing Investment Board" consisting of private sector and the Federal Government representatives. The Board would administer a revolving fund dealing with Navy housing investment agreements.

SUBTITLE B-DEFENSE BASE CLOSURE AND REALIGNMENT

SECTION 2811-PROHIBITION AGAINST CONSIDERATION IN BASE CLOSURE OF ADVANCE ECONOMIC PLANNING UNDERTAKEN BY COMMUNITIES ADJACENT TO MILITARY INSTALLATIONS

This section would prohibit the Secretary of Defense and the Defense Base Closure and Realignment Commission from penalizing communities for undertaking contingency planning. It would prohibit the Secretary of Defense and the Defense Base Closure and Realignment Commission from considering advanced economic planning activities undertaken by local communities during the base closure process.

The ability of communities to plan for redevelopment of closed facilities has proven critical to successful economic development. Communities that have planned ahead, worked together and prepared for potential base closures are the communities that have been most successful at economic development once the bases are closed. Those that do not take this action find themselves at an unnecessary disadvantage.

Many communities, however, fear that planning for the potential of a base closure will prejudice the decision of the base closure commission and make it more likely that their base could be closed. Consequently, instead of planning for the future, many communities with military bases have spent all their resources fighting base closures, even after being selected for closure. This section would allow communities to undertake advanced planning without fear of adverse consequences.

SECTION 2812-REPAYMENT OF STATE AND LOCAL COSTS INCURRED IN CONNECTION WITH ESTABLISHMENT OF MILITARY INSTALLATIONS SELECTED FOR CLOSURE

This section would authorize the Secretary of Defense, subject to the availability of funds, to repay a state, county, or municipality (or an agency or political subdivision of such an entity) for funds raised or bonds issued for military construction, pier construction and improvement, land purchase, and infrastructure and utility improvements in direct support of the military installation to be closed. This section would apply to military installations for which construction began on or after January 1, 1985 or were selected for closure on or after January 1, 1993.

SECTION 2813-LIMITATION ON SOURCES OF FUNDS AVAILABLE TO IMPLEMENT BASE CLOSURE AND REALIGNMENTS

This section would limit the use of funds authorized for planning and design, minor construction, or operations and maintenance for activities associated with base closure or realignment.

SECTION 2814-PROHIBITION ON TRANSFER OF CERTAIN PROPERTY LOCATED AT MILITARY INSTALLATIONS TO BE CLOSED PENDING COMPLETION OF REDEVELOPMENT PLANS

This section would authorize the Secretary of Defense to ensure, pending the completion of the redevelopment plan and approval by the Secretary, that all items of personal property located at a closing installation are retained unless the redevelopment authority identifies such items as unnecessary. This section would not apply to personal property identified by the Secretary of Defense as necessary for military purposes and national security.

The committee urges the completion of a redevelopment plan by local communities or authorities in a timely manner.

SECTION 2815-REPORT OF EFFECT OF BASE CLOSURE ON FUTURE MOBILIZATION OPTIONS

This section would require the Secretary of Defense to provide a report to the Congress, no later than January 1, 1995, which evaluates the effect of base closure and realignment on the ability of the armed forces to remobilize to the end strength levels authorized in fiscal year 1987. The report should also examine the military construction projects that would be necessary under a remobilization effort and any assets previously disposed of in the base realignment and closure process, to include airspace.

SUBTITLE C-CHANGES TO EXISTING LAND CONVEYANCE AUTHORITY

SECTION 2821-ADDITIONAL LESSEE OF PROPERTY AT NAVAL SUPPLY CENTER, OAKLAND, CALIFORNIA

This section would amend section 2834(b) of the Military Construction Authorization Act for Fiscal Year 1993 (Division B of Public Law 102-484) by striking out "City" and inserting "Cities" in the second reference and in paragraphs 2 and 3. This section would also insert "the city of Alameda, California" after "California" the first place it appears in the section.

SECTION 2822-MODIFICATION OF LAND CONVEYANCE, FORT A.P. HILL MILITARY RESERVATION, VIRGINIA

This section would amend section 603(c)(3) of the Persian Gulf Conflict Supplemental Authorization and Personnel Benefits Act of 1991 (Public Law 102-25) to expand the number of political subdivisions eligible to use the regional correctional facility. This section also would authorize the extension of time for construction of such a facility, to commence no later than April 1, 1997 and that construction be completed no later than April 1, 2002.

SECTION 2823-PRESERVATION OF CALVERTON PINE BARRENS, NAVAL WEAPONS INDUSTRIAL RESERVE PLANT, NEW YORK, AS NATURE PRESERVE

This section would amend Section 2854 of the Military Construction Authorization Act for Fiscal Year 1993 (Division B of Public Law 102-484) to ensure that Calverton Pine Barrens is maintained and preserved, in perpetuity, as a nature preserve. The section also would prohibit the Secretary of the Navy from permitting any commercial or residential development. The provision also would require that, if the property leaves the possession of the United States Government, the transfer agreement must contain provisions that prohibits the development of the property.

SECTION 2824-RELEASE OF REVERSIONARY INTEREST RETAINED AS PART OF CONVEYANCE OF ELECTRICITY DISTRIBUTION SYSTEM, FORT DIX, NEW JERSEY

This section would repeal the reversionary interest codified in Section 2846(f) of the Military Construction Authorization Act for Fiscal Year 1994 (Division B of Public Law 103-160).

SUBTITLE D-LAND CONVEYANCES

SECTION 2831-LAND CONVEYANCE, AIR FORCE PLANT NO. 3, TULSA, OKLAHOMA

This section would authorize the Secretary of the Air Force to convey, without consideration, approximately 337 acres with improvements, to the City of Tulsa, Oklahoma. Until the real property is conveyed by deed, the Secretary may lease the property in exchange for the City providing protection and maintenance to the property. The property is to be conveyed for use as an economic development tool due to previous loss of economic activity. If the property is not used as agreed to by the Secretary, the property would revert to the United States. This section also would authorize a survey by the Secretary, the cost borne by the City, to determine the exact acreage and legal description of the conveying property.

SECTION 2832-LAND CONVEYANCE, AIR FORCE PLANT NO. 59, JOHNSON CITY (WESTOVER), NEW YORK

This section would authorize the Secretary of the Air Force to convey, without consideration, to the Broome County Industrial Development Authority all right, title, interest, and improvements thereon to a parcel of real property containing Air Force Plant No. 59. The Secretary would be authorized to convey other fixtures located on the property if such equipment can be reinstituted after the conveyance. Until the real property is conveyed by deed, the Secretary would be permitted to lease the facility to the Authority in exchange for security, fire protection, and maintenance. The conveyed property would be used for purposes of economic redevelopment.

The section also would authorize the Secretary to revert the property to the United States if the conditions of conveyance are not met. The exact acreage and legal description of the property are to be determined by a survey acceptable to the Secretary with the cost borne by the Authority. Finally, the Secretary would be authorized to set additional terms and conditions which protect the interests of the United States.

SECTION 2833-LAND CONVEYANCE, RADAR BOMB SCORING SITE, DICKINSON, NORTH DAKOTA

This section would authorize the Secretary of the Air Force to convey, without consideration, to the North Dakota Board of Education, all right, title, and interest in and to the parcel of real property consisting of approximately 4 acres in Dickinson, North Dakota. This property served as a location for a support complex, recreational facilities and housing facilities for the Radar Bomb Scoring Site, Dickinson, North Dakota. The conveyed property is to be used for housing, recreation, and other purposes as determined by the Secretary. The parcel may revert to the United States if the property is not being used in accordance with the Secretary's authority.

SECTION 2834-LAND CONVEYANCE, ARMY RESERVE FACILITY, RIO VISTA, CALIFORNIA

This section would authorize the Secretary of the Army to convey certain lands to the City of Rio Vista, California, for an amount less than the fair market value. The parcel is to be used for recreational purposes and the Secretary would be authorized to set additional conditions to protect the interest of the United States.

SECTION 2835-LAND CONVEYANCE, NAVAL WEAPONS INDUSTRIAL RESERVE PLANT, CALVERTON, NEW YORK

This section would authorize the Secretary of the Navy to convey, without consideration, to an appropriate redevelopment authority designated by the Secretary all right, title, and interest to a parcel of real property consisting of approximately 2,900 acres comprising the fenced-in portion of the Naval Weapons Industrial Reserve Plant. The exact acreage and legal description of the property shall be determined by a survey whose cost is to be borne by the State of New York or the redevelopment authority. The Secretary of the Navy would be permitted to set additional conditions that protect the interest of the United States.

SECTION 2836-LEASE OF PROPERTY, NAVAL RADIO RECEIVING FACILITY, IMPERIAL BEACH, CORONADO, CALIFORNIA

This section would authorize the Secretary of the Navy to lease, at less than fair market value and for a period of 50 years, to the Young Men's Christian Association (YMCA) of San Diego County, California, 45.5 acres of real property at the Naval Radio Receiving Facility, Imperial Beach, California. The said parcel has been leased by the YMCA since 1969 for use as a summer youth residence camp. The leased property is to be used for recreational purposes only and under agreement with the Secretary of the Navy, the parcel may be reclaimed by the service Secretary at any time.

SECTION 2837-RELEASE OF REQUIREMENTS AND REVERSIONARY INTEREST ON CERTAIN PROPERTY IN BALTIMORE, MARYLAND

This section would authorize the Secretary of Defense to release the reversionary interest in property described in section 2 of the Act entitled, "An Act granting a dry-dock in the city of Baltimore upon certain conditions," which was approved June 19, 1878 (Chapter 310; 20 Stat. 167). The section also would authorize the Secretary of Defense to require additional conditions to protect the interest of the United States. The Secretary of Defense would be required to execute the release of this property within six months of the date of enactment of this Act.

SECTION 2838-RELEASE OF REVERSIONARY INTEREST ON CERTAIN PROPERTY IN YORK COUNTY, JAMES CITY COUNTY, AND THE CITY OF NEWPORT NEWS, VIRGINIA

This section would authorize the Secretary of the Navy to release the reversionary interest of the United States in approximately 62 acres of land in James City County, Virginia, provided that the land would continue to be used for a public purpose. This release is necessary to enable the Peninsula Regional Jail Authority to construct a jail on the property. This section also would authorize the Secretary of the Navy to require any additional terms necessary to ensure that the real property is used for a public purpose.

SUBTITLE D-OTHER MATTERS

SECTION 2851-AUTHORITY FOR OXNARD HARBOR DISTRICT, PORT HUENEME, CALIFORNIA, TO USE CERTAIN NAVY PROPERTY

This section would authorize the Secretary of the Navy to enter into an agreement with the Oxnard Harbor District, Port Hueneme, California, to permit joint use of Wharf Number 3 and associated real property comprising up to 25 acres located at the Naval Construction Battalion Center, Port Hueneme, California. The agreement would be for a period not to exceed 15 years and the District would be required to pay fair market rental value as determined by the Secretary. The Secretary could not enter into any agreement until after the end of a 21-day period beginning on the date on which the Secretary submits a report to Congress that explains the terms of the proposed agreement and describes the consideration that the Secretary would expect to receive under the agreement.

SECTION 2852-ENVIRONMENTAL EDUCATION AND TRAINING PROGRAM FOR DEFENSE PERSONNEL

This section would authorize the Secretary of Defense to establish and conduct an education and training program for members of the armed forces and civilian employees of the Department of Defense. The section also would authorize the Secretary of Defense to identify military facilities that have existing expertise among the military departments as centers of environmental training excellence and to train personnel from all the military departments at those centers.

SECTION 2853-REPEAL OF RESTRICTION ON LAND TRANSACTIONS RELATING TO PRESIDIO OF SAN FRANCISCO, CALIFORNIA

This section would repeal section 2856 of the Military Construction Authorization Act for Fiscal Year 1994 (Division B of Public Law 103-160) that placed restrictions on land transactions relating to the Presidio of San Francisco, California.

SECTION 2854-REPORT ON USE OF MILITARY INSTALLATIONS IN OKINAWA

This section would direct the Secretary of Defense to submit a report to Congress, no later than October 3, 1994, which describes national security goals with respect to the U.S. military presence in Okinawa. The report should detail infrastructure requirements and the possible adverse economic and environmental impact of these defense facilities on the citizens of Okinawa. The report should also indicate what affirmative steps can be taken in responding to the requests of the Okinawa Prefectural Government with respect to returning and exchanging lands.

SECTION 2855-STUDY OF HEIGHT RESTRICTION AND AVIGATION REQUIREMENTS SURROUNDING EGLIN AIR FORCE BASE, FLORIDA

This section would authorize the Secretary of the Air Force to conduct a comprehensive survey of current and future avigation requirements for the area surrounding Eglin Air Force Base, Florida. The Secretary would be required to review all Air Force mission requirements, to take into consideration the economic growth and development needs of the adjacent community, and to include recommendations for any changes in the existing avigation easements currently in place at Eglin Air Force Base. The Secretary would be required to submit the report no later than March 31, 1995.

SECTION 2856-CONTINUED OPERATION OF MILITARY MEDICAL TREATMENT FACILITY AT K.I. SAWYER AIR FORCE BASE, MICHIGAN

This section would express the sense of Congress that the Secretary of Defense and Secretary of the Air Force should explore all practicable options necessary to keep the military medical treatment facility at K.I. Sawyer Air Force Base, Michigan, open in order to serve the health care needs of retired military personnel and their dependents.

SECTION 2857-TECHNICAL AMENDMENT TO CORRECT REFERENCE IN LAND TRANSACTION

This section is a technical amendment that would amend Section 2842(c) of the Military Construction Authorization Act for Fiscal Year 1994 (Division B of Public Law 103-160) by striking out "Washington Gas Company" and inserting in lieu thereof "American Water Company".

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DIVISION C-DEPARTMENT OF ENERGY NATIONAL SECURITY AUTHORIZATIONS AND OTHER AUTHORIZATIONS

TITLE XXXI-DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

PURPOSE

Title XXXI would authorize appropriations for the national security programs of the Department of Energy (DOE) for fiscal year 1995 including management and operation of programs for research, development, and production in support of the armed forces; the production of strategic and critical materials for the armed forces; protection of critical facilities, materials and information necessary for national defense; management of defense radioactive wastes; environmental restoration; naval nuclear propulsion; and other military applications of nuclear energy. The title would authorize appropriations in four categories- Weapons Activities (sec. 3101), Defense Environmental Restoration and Waste Management (sec. 3102), Nuclear materials Support and Other Defense Programs (sec. 3103), and Defense Nuclear Waste Disposal (sec. 3104). The title also contains additional sections that would restrict the use of funds that would be authorized to be appropriated, and provide other policy guidance.

BACKGROUND

THE DEPARTMENT OF ENERGY REQUEST

Section 208 of the Department of Energy National Security and Military Applications of Nuclear Energy Authorization Act of 1979 (Public Law 95509) required the Secretary of Energy to submit to the Congress for fiscal year 1980, and for subsequent fiscal years, a single request for authorizations for appropriations for all programs of the Department of Energy involving national security and national defense matters.

ATOMIC ENERGY DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY

As the successor to the Atomic Energy Commission and the Energy Research and Development Administration, the Department of Energy (DOE) is responsible for all aspects of national nuclear weapon activities except those of the Department of Defense. The general category of DOE defense activities also includes the statutory responsibilities for control of Restricted Data, all functions of the Assistant Secretary of Defense Programs, the Nuclear Weapons Council, the functions of the Office of Military Applications that were transferred into the Department by the Department of Energy Organization Act (Public Law 9591) and the naval reactor development program.

GOVERNMENT-OWNED FACILITIES

Research and development programs for weapons and other programs are conducted primarily at three government-owned contractor-operated laboratories that specialize in the physical sciences and engineering. These are: the Lawrence Livermore National Laboratory (LLNL), Livermore, California; Los Alamos National Laboratory (LANL), Los Alamos, New Mexico; and Sandia National Laboratories, Albuquerque, New Mexico (SNLA), and Livermore, California (SNLL). Non-nuclear testing is conducted at the Sandia Laboratories Tonapah Test Site and at the above mentioned national laboratories. The United States maintains the capability to conduct underground nuclear testing at the Nevada Test Site, although the United States is currently observing a nuclear test moratorium.

A complex consisting of the following government-owned, contractor-operated plants (GOCOs) are involved in production related activities associated with maintenance of the nuclear weapons stockpile: Kansas City Plant, Kansas City, Missouri; Savannah River Site, Aiken, South Carolina; Pinellas Plant,

Clearwater, Florida; Pantex Plant, Amarillo, Texas; Mounol Laboratory, Miamisburg, Ohio; and the Y12 Plant, Oak Ridge, Tennessee. GOCOs previously involved in weapons production and support include: Rocky Flats Plant, Golden, Colorado; the Fernald Environmental Management Project, Cincinnati, Ohio; and the Hanford Reservation at Richland, Washington. At all of the GOCO plants and laboratories currently and previously engaged in production and weapons support activities, the Department is now involved in significant environmental restoration and waste management activities.

Naval reactor development is conducted at two government-owned, contractor-operated laboratories: the Bettis Atomic Power Laboratory near Pittsburgh, Pennsylvania; and the Knolls Atomic Power Laboratory, Schenectady, New York. Reactor prototypes are operated at Department of Energy sites at the Idaho National Engineering Laboratory; at West Milton, New York. A privately-owned naval reactor materials facility is located at Erwin, Tennessee.

In addition to the above mentioned government-owned, contractor-operated facilities, the Department of Energy depends upon hundreds of small and large contractors for materials, parts, components, and research.

SUBTITLE A-NATIONAL SECURITY PROGRAM AUTHORIZATIONS

SUMMARY OF COMMITTEE CHANGES

The fiscal year 1995 budget request for DOE national security programs totaled \$10,580,432,000. Of the total amount requested, \$3,271,668,000 was for weapons activities; \$5,234,924,000 was for defense environmental restoration and waste management; \$1,944,410,000 was for materials support and other defense programs; and \$129,430,000 was for defense nuclear waste disposal.

The committee recommends a total of \$10,450,064,000 including \$3,203,369,000 for weapons activities; \$5,168,561,000 for defense environmental restoration and waste management; \$1,948,704,000 for materials support and other defense programs; and \$129,430,000 for defense nuclear waste disposal.

The following table summarizes the request and the committee recommendation.

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DISCUSSION OF COMMITTEE-RECOMMENDED CHANGES AND ITEMS OF INTEREST

Departmental budget justification documents

The committee is dismayed with the poor quality of the Department's budget justification documents, particularly the descriptive summaries. The committee found that entire programs were not identified in these summaries, that others were described inaccurately, that some programs were identified and funds requested even though the program had been terminated, and that there was a paucity of detail for many others. The committee also notes that it was difficult to establish the total cost for many programs in the current format. The committee demands that the Department improve its budget documents before the fiscal year 1996 budget submission.

Toward this end, the committee directs the Secretary to work with the committee to change the way in which the Department presents its fiscal year 1996 request. At a minimum, the following changes should be incorporated into the displays for the environmental restoration and waste management (EM) budget:

- (1) Project data sheets for environmental restoration should correlate to the primary budget justification documents and use consistent assumptions;
- (2) The presentation of all EM budget information should be based on sites rather than field offices; and
- (3) The break down of categories and amounts within the EM budget should be presented by project or activity.

For fiscal year 1995, the Department will begin submitting the baseline environmental management report, baseline waste management report, and cost/variance report for major EM projects and activities, as required in section 3152 of the National Defense Authorization Act of 1994 (Public Law 103-160). Nonetheless, the committee believes that the budget justification documents themselves, as well as the manner in which the Department displays the components of the EM budget, need to be modified.

Fissile material control and disposition